

**Deanship of Graduate Studies
Al-Quds University**



**The Impact of Organizational Structure and
Competitive Strategies on the Competitive Advantage:**

**The Case of Palestinian Stone and Marble Industry in
Southern Governorates of the West Bank**

Abdel Qader Mohammad Issa

M.Sc. Thesis

Jerusalem –Palestine

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**This Thesis is Submitted in Partial Fulfillment of the
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Institute of Business and Economic

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Jerusalem –Palestine

1434/2013

Dedication

To the Greatest of AllMy Beloved Parents

To My wife Amal

To my coming son Mohammad

To My Brothers

To My sisters

Declaration:

I certify that this thesis submitted for the degree of master is the result of my own research, except where otherwise acknowledged, and that this thesis (or any part of the same) has not been submitted for a higher degree to any other university or institution.

Signed: -----

Abdel Qader Mohammad Issa

Date: 24 / 6 /2013

بسم الله الرحمن الرحيم

"قُلْ إِنَّ صَلَاتِي وَنُسُكِي وَمَحْيَايَ وَمَمَاتِي لِلَّهِ رَبِّ الْعَالَمِينَ * لَا شَرِيكَ لَهُ
وَبِذَلِكَ أُمِرْتُ وَأَنَا أَوَّلُ الْمُسْلِمِينَ "

الانعام / آية 162 و 163

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- My brothers , Ashraf and Marwan Issa .
- My sisters Noor ,Maysoon ,Bushra and samar Issa
- All My friends.

Abstract:

This study aims at examining the effect of the organizational structure and competitive strategies on the competitive advantage, and to examine the relation between the competitive strategies and organizational structure for Palestinian Stone and Marble Industry.

The study also aims to measure the level of awareness and main problems that affect implementing the organizational structures on Palestinian Stone and Marble Industry.

The study involves 256 factories representing all stone and marble factories in southern West Bank, which are members in the USM (Union of Stone and Marble). The samples percentage was 39.8 % from the members in the defined sample area (Bethlehem and Al-Khalil). This is because the stone Industry is concentrated mainly in these areas.

A descriptive and analytical approach was used in this study, Data collected through 145 questionnaires distributed to the population, 102 questionnaires were received and analyzed using SPSS statistical package, 33 members refused to participate in Al-Khalil and 10 members stopped working.

The study shows strong effect and positive relation between organizational structure and competitive advantages with 90.6 %; this means that if stone and marble companies implement the right organizational structure efficiently, they will have great competitive advantages.

In addition, the results show that there are no significant differences between competitive advantages and competitive strategies. Also there are no significant differences between competitive strategies and organizational structures.

The nonparametric Chi-square test was used in order to investigate the main factors affecting the competitive strategies, the number of labor inside the company; Total Investment and Kind of Ownership are the main factors affecting the competitive strategies, while the number of management employees inside the company doesn't affect competitive strategies since 91.2% of the companies have less than five management employees.

Following are the most important recommendations in the study:

- Held Administrative hierarchy awareness programs for its significance in building the company's strategy and organizational structure in order to achieve competitive advantage.
- Developing the current administrative staff based on scientific approaches, and taking into consideration company capacity and staff, and recent technology.
- Developing the industry by using new machinery, and staying up-to-date with recent machinery inventions. This will affect global competitive advantage through improving the product quality and best use of raw materials.

العنوان : اثر الهيكل التنظيمي و الاستراتيجيات التنافسية على تحقيق الميزة التنافسية لصناعة الحجر و الرخام الفلسطينية في جنوب الضفة الغربية .

اسم الباحث: عبد القادر محمد عيسى

اسم المشرف: د. سمير حزيون

الملخص :

تهدف هذه الدراسة الى قياس مدى اهمية الهيكل التنظيمي في تحقيق الميزة التنافسية لصناعة الحجر و الرخام الفلسطيني و قياس تأثير الاستراتيجيات التنافسية على تحقيق الميزة التنافسية , بالإضافة الى فحص العلاقة و مقدار التأثير ما بين الهيكل التنظيمي و الاستراتيجيات التنافسية .

كما و هدفت هذه الدراسة الى قياس مدى الاهتمام و الوعي لتطبيق الهيكل التنظيمي و ما هي ابرز المشاكل التي تؤثر على تطبيق الهيكل التنظيمي لدى الشركات العاملة في صناعة الحجر و الرخام .

اجريت هذه الدراسة على جميع شركات الحجر و الرخام في جنوب الضفة الغربية الاعضاء في اتحاد الحجر و الرخام الفلسطيني U.S.M، حيث بلغ عدد الشركات الحاصة على العضوية و التي تمثل مجتمع الدراسة 256 شركة موزعة على مناطق جنوب الضفة الغربية.

اعتمدت الدراسة على البيانات الاولية حيث تم جمع البيانات من خلال الاستبيان الذي تم توزيعه على 145 شركة في منطقتي بيت لحم و الخليل و التي تمثل عينة الدراسة ، حيث تتمركز الصناعة (المحاجر و المصانع) بشكل اساسي في منطقتي الخليل و بيت لحم .استخدم المنهج الوصفي و التحليلي في هذه الدراسة، حيث تم تعبئة 102 استبيان بنسبة 39.8 % من مجتمع الدراسة ،حيث رفض 33 عضو تعبئة الاستبيان في منطقة الخليل مع وجود 10 اعضاء متوقفين عن العمل نظرا للظروف الاقتصادية الصعبة.

تمت عملية التحليل بهدف الاجابة عن كافة اسئلة و فرضيات الدراسة ،حيث اظهرت الدراسة وجود علاقة و ارتباط قوي بنسبة 90.6 % بين الهيكل التنظيمي و الميزة التنافسية و هذا يقود الى ان تطبيق الهيكل التنظيمي الصحيح سوف يحقق الميزة التنافسية لشركات الحجر و الرخام .

كما و اظهرت الدراسة الى عدم وجود اي علاقة بين الاستراتيجيات التنافسية و تحقيق الميزة التنافسية و لفحص سبب عدم وجود العلاقة تم الاستعانة بفحص Chi-Square test لمعرفة العوامل المؤثرة على الاستراتيجيات التنافسية، حيث تبين ان عدد العمال و حجم الاستثمار و نوع الملكية هي العوامل المؤثرة فقط على الاستراتيجيات التنافسية بينما عدد الموظفين الاداريين لم يؤثر نهائيا ,و يعود ذلك الى قلة عدد الموظفين الاداريين في شركات الحجر و الرخام الفلسطيني ،حيث بلغت نسبة الموظفين الاداريين (اقل من 5) 91.2 % .كما و اظهرت الدراسة الى عدم وجود اي ارتباط بين الهيكل التنظيمي و الاستراتيجيات التنافسية حيث يعود ذلك الى غياب تطبيق الهيكل التنظيمي في شركات القطاع فضلا عن عدم وجود كادر اداري كافي لبناء و تطبيق الاستراتيجيات التنافسية .

لذلك اوصت الدراسة ان على جميع شركات العاملة في القطاع ضرورة بناء و تطبيق الهيكل التنظيمي الصحيح و الملائم و اعادة توظيف الكادر الاداري القادر على بناء الاستراتيجيات بما يتناسب مع الهدف العام لكل شركة .

كما و اوصت الدراسة بضرورة ادخال الوسائل التكنولوجية الحديثة بهدف رفع الجودة و زيادة الانتاجية و القدرة التنافسية من خلال اختراق اسواق جديدة ، حيث تعتبر الماكينات الحديثة و المتطورة في مجال صناعة الحجر و الرخام احد ابرز العوامل التي تؤدي الى رفع الانتاجية و استغلال المواد الخام وتقليل التكاليف و بالتالي رفع القدرة التنافسية على المستوى العالمي .

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Chapter One

Introduction

1.1 Background

Natural resources are considered to be an important source of the national wealth around the world. Most of the countries have used their natural resources as a launch pad to accelerate economic development and to increase their competitiveness. The long-term benefits do not come out of the presence of natural resources themselves but rather out of the value-added products and the services developed around them. (Sultan, 2007)

Palestinian stone and marble industry is considered to be one of the most important sectors in the Palestinian economy, as it contributes approximately to 4.5% of the gross national product (GNP) and 5.5% of the gross domestic product (GDP). Total investment in the industry is estimated to be around \$700 million, making it a major employer of the Palestinian capital. (DAI, 2006)

Palestine is known for its natural lime stone that is characterized by its bright attractive colors that are in high demand in international markets. Most of raw material used in production is locally.

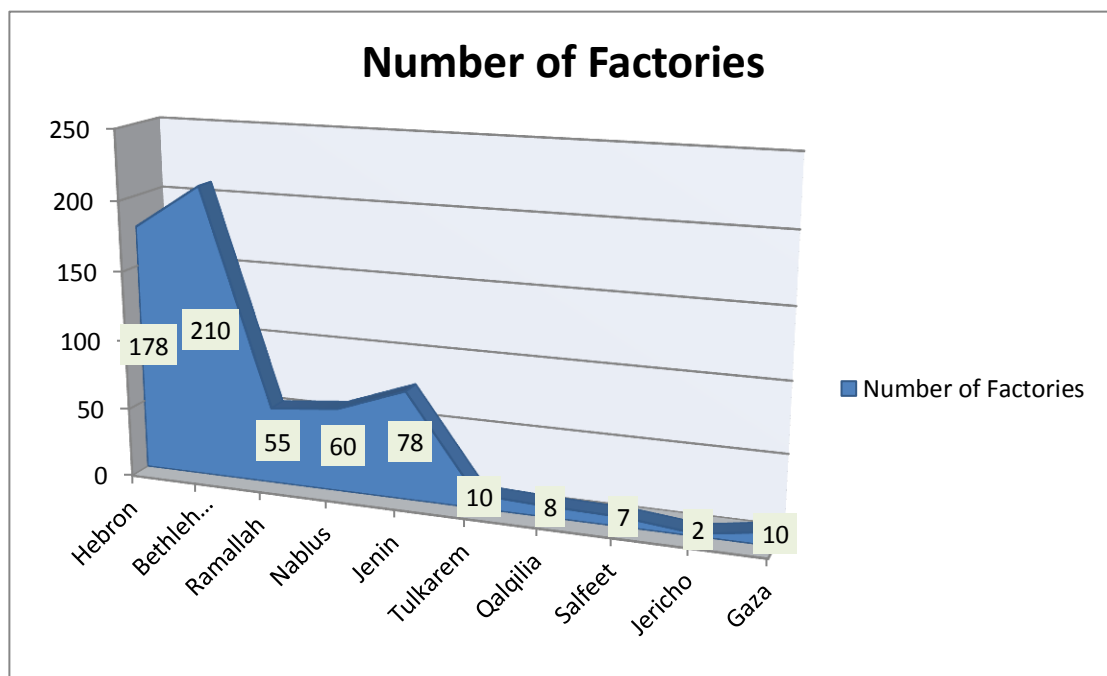
Palestinian stone and marble is significant not only by local standards but also globally. In 2002, Palestinian stone and marble constituted around 4% of world production, placing the West Bank and Gaza twelfth in the world among the industry. The competitiveness of Palestinian marble and stone derives from two sources: first, its origin from the “Holy Land,” which creates spiritual and symbolic imagery in the minds of much of the world’s population, and second, the variety of colors and textures of the products (DAI, 2006).

The industry is a major source of employment in the West Bank. According to the Union of Stone and Marble (USM, the industry’s main association), this industry provides jobs to more than 20,000 workers and employees. (Hushaysh, 2012)

Stone and marble factories, workshops and quarries in Palestine are distributed all over the West Bank and, to a lesser degree, the Gaza Strip. The two main industrial centers of the stone and marble industry are Al-Khalil and Bethlehem, where most of the factories and quarries are located. (DAI, 2006)

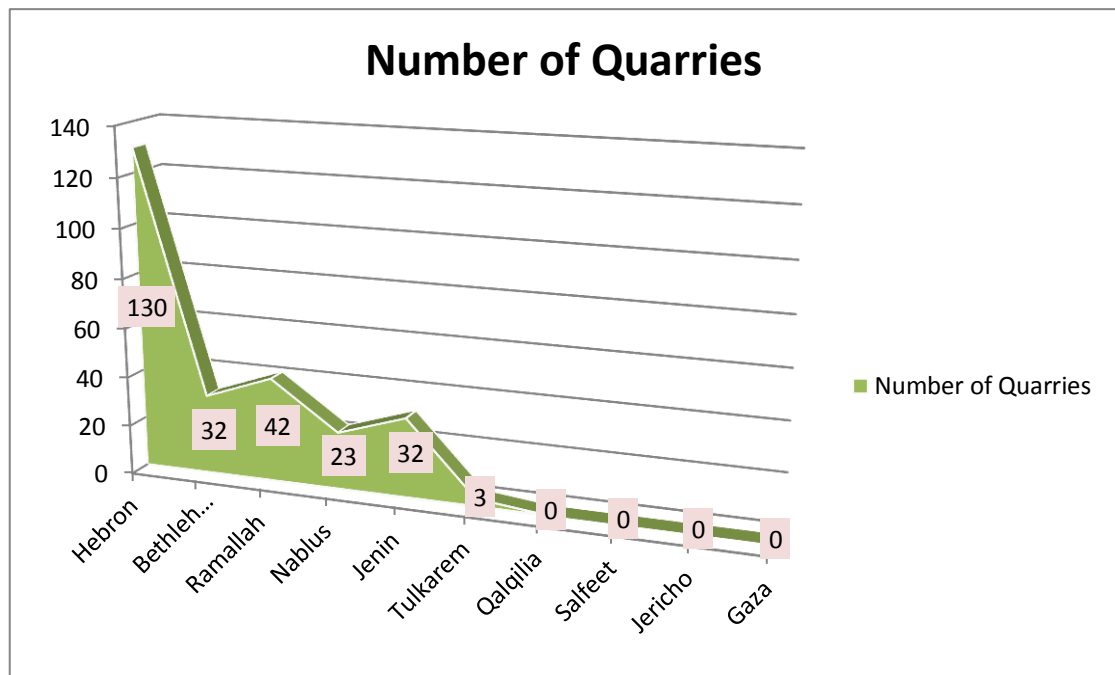
The following charts illustrate the distribution of Palestinian stone and marble factories, and quarries: (PalTrade, 2009)

Figure 1: Distribution of Palestinian stone factories



Source: PalTrade 2009

Figure 2: Distribution of Palestinian Quarries



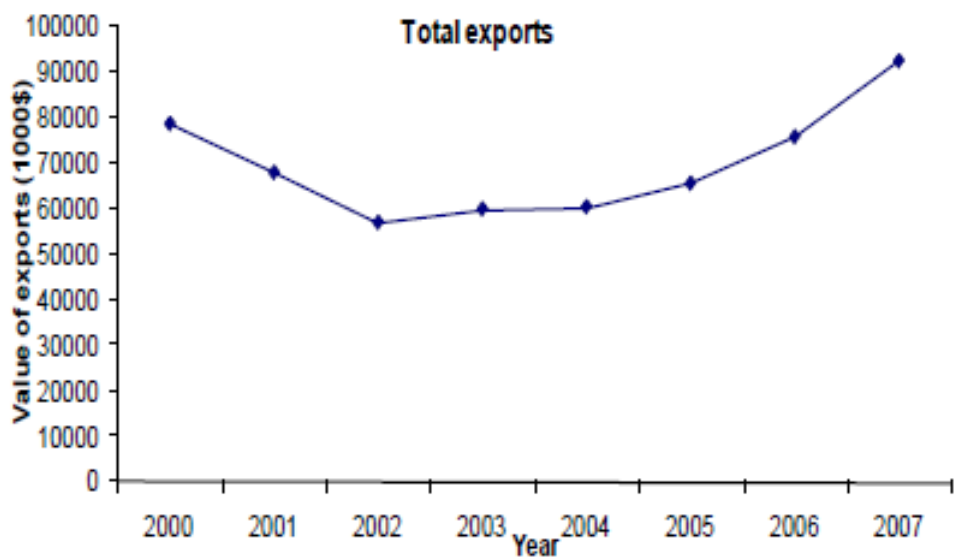
Source: PalTrade 2009

1.1.1 Palestinian Marble and Stone sector Export Trends

The industry has been affected by the political situation in the area in the past years. It is estimated that sales of the stone and marble enterprises dropped by at least 40% in 2004 due to the deterioration of the Palestinian political situation (Al Aqsa Intifada) which forced many small factories to close. As for mid-sized factories, they were obliged to reschedule their work shifts and downsize their capacity. (DAI, 2006)

During the period 2000 to 2007 the total Palestinian exports showed a positive trend, mainly due to the increase in the exports of building stone particularly the non-worked. The total direct exports of building stone increased to 93 million in 2007 compared to around 79 million US dollar in 2000. (PalTrade, 2009)

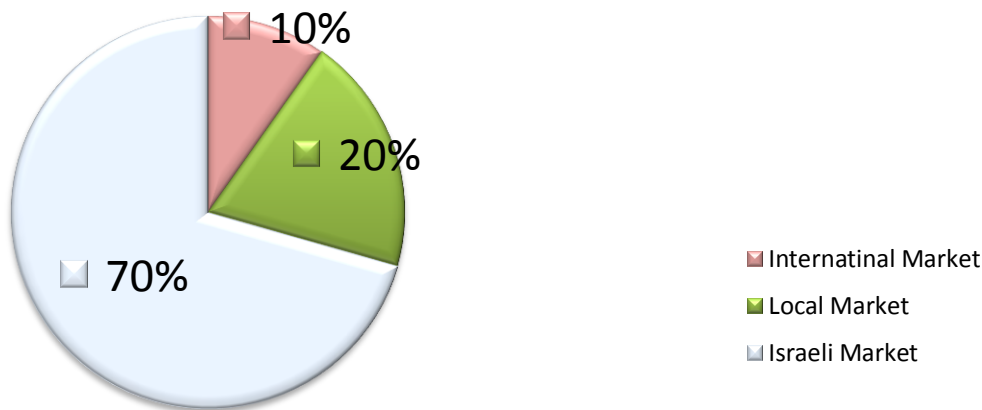
Figure 3: Total exports



Source: PalTrade 2009

1.1.2 Palestinian Stone and Marble Markets:

Figure 4: Stone market share



Source: Palestinian Federation 2009

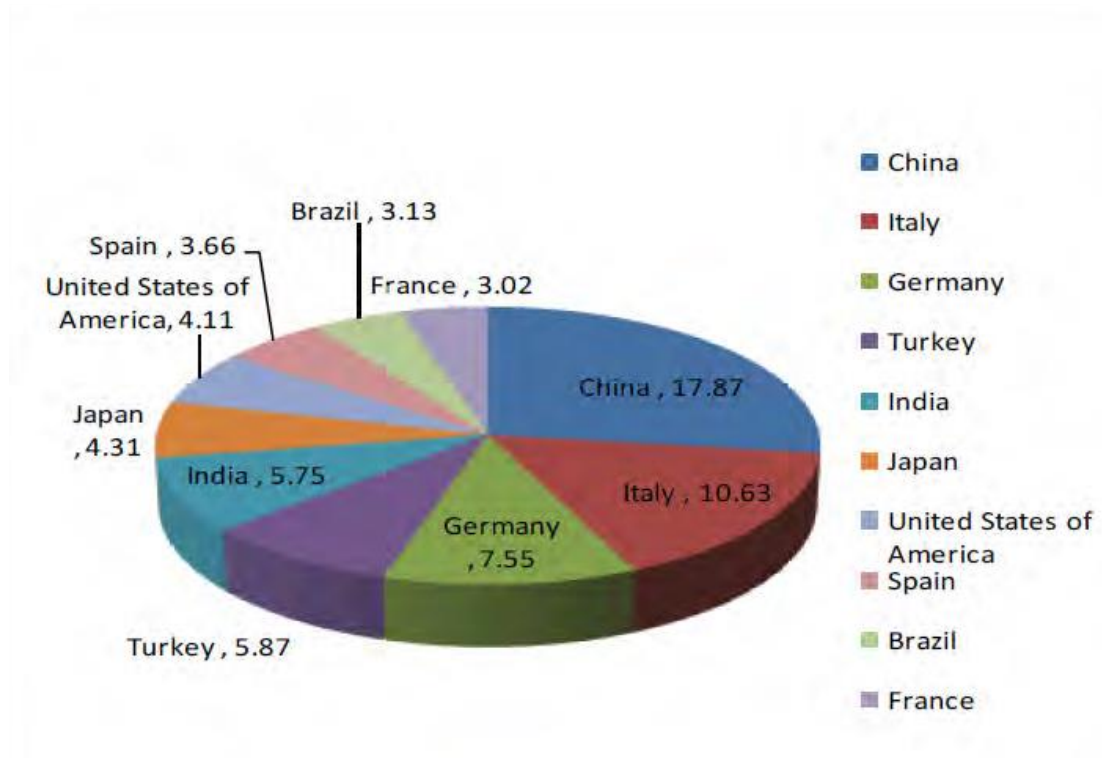
- Local Market. Within the local market, the main product is building stone, for which the share of Palestinian producers is substantial due to the uniqueness of the product finishes, labor intensity, and domestic demand.
- Israeli Market. The Israeli market consumes 70% of Palestinian production, with the main products sold including blocks, slabs, building stones and tiles. Israeli demand for Palestinian building stone is substantial due to the lack of Israeli stone finishing labor. As a result of the customs union with Israel, Palestinian products face no tariffs in the Israeli market, giving them a distinct advantage over other imports. The prices at which Palestinian building stone are sold to the Israeli market range from \$10 to \$30 per square meter, which is only slightly higher than the price range in the local Palestinian market. Palestine products face strong competition from Turkey in this market. (Palestinian Federation, 2009)
- International Markets. In the international market, Saudi Arabia and the UAE provide a strong market for Palestinian products. Products from India, Iran and Italy compete with Palestinian products in the Gulf countries. Users in the United States have revealed a high demand for the colors most prevalent in Palestinian stone and marble, i.e., gold and pink, a fact that represents a significant opportunity for Palestinian products. (Palestinian Federation, 2009)

1.1.3 International Trends in the stone and marble Industry

The international market for stone and marble has been growing dramatically, Figures below shows the main producer and importer for the marble and stone.

Generally, stone prices continue to suffer from downward pressure as a result of increasing supply and technological development of synthetic and manufactured alternative products. (DAI, 2006)

Figure 5: Leading International Producer 2012¹



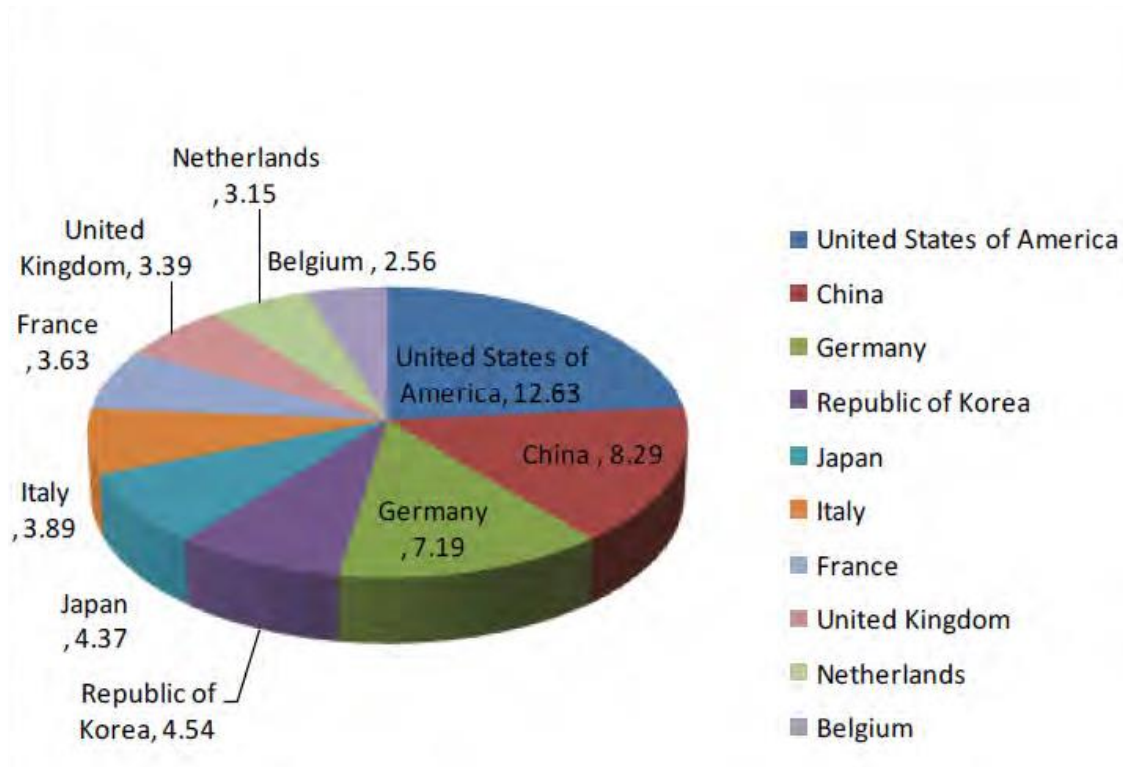
Source: Rassin 2012

Marble and granite are produced in more than 40 countries in the world. Italy, Turkey, Spain, India and China are the top five dominant countries in terms of marble production. These countries control over half of the world market (Rassin, 2012).

Based on figure (5), China is considered first international producer with 17.87% due to advanced technology and cheap labor force, then Italy with 10.5 %.

¹ Interview with Eng. Maher Hushaysh, The Executive Director for The Union of Stone & Marble Industry on June 2013, he said "Palestinian stone and marble constituted around 0.5% of world production."

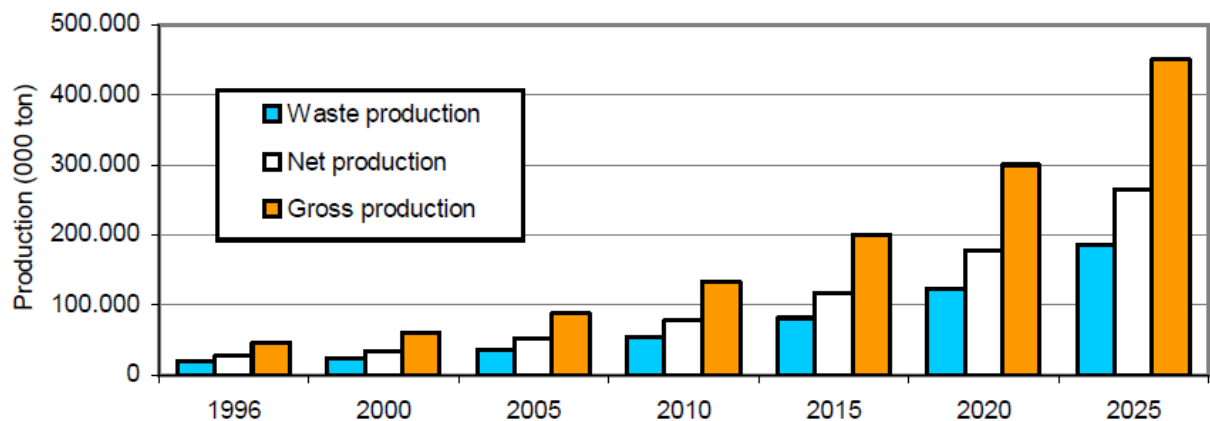
Figure 6: Leading International Importer 2012



Source: Rassin 2012

Based on figure (6), USA is considered first international importer with 12.63%, then China with 8.29 %.

Figure 7: Forecast of word development in production



Source: El Kotb 2005

1.1.4 Palestinian Stone and Marble Products

Palestinian dimension stone is characterized by its product varieties, colors and finishes. The country has a rich stock of good quality stone- both soft stone and hard limestone. There are various types of stone and marble produced in Palestine. The type of stone is known by its location and its quality is defined by its source. There are defined specifications based on scientific tests. In addition each type and name of stone indicates characteristics that are generally agreed upon through experience and trust in the origin of the stone. Within each location and quarry there are various categories, based on stone type and color. (DAI, 2006)

1.1.4.1 Main Products of the industry

The extracted blocks are moved from quarries to various cutting and shaping facilities. Some of the excavated blocks are exported without any further alteration. Most of the blocks, are processed by different machinery in local facilities according to their size and desired outcome. Slabs are produced by gang sawing, in which a blade works its way through the block. The gang sawing produces slabs of different thickness (2cm, 3, 4, 5 and 7). (PalTrade, 2009)

Building stone is a product of different stages, depending on its finish and the automation level of the facility. This product is the most conventional, most labor intensive, and most raw material demanding. Traditional finishes for building are attained manually after the machines prepare for finishing and then cut stones to rectangular shape. Usually, only one face is hand finished, the other face is saw finished. (PalTrade, 2009)

Decorative products are manufactured from blocks and slabs. Main products are; counters, window ledgers, stairs, pillars, fountain, and arches.

Titles are the most sophisticated product, the actual tile line is a series of machines linked by belt or roller, the purpose is to process the raw slabs into a precisely dimensioned stone. The line consists of different stages; grinding, polishing, finishing, cutting, and chamfering. (PalTrade, 2009)²

Industry output has limitation due to lack of investment and absence of organizational hierarchy.

² Interview with Eng. Maher Hushaysh, The Executive Director for The Union of Stone & Marble Industry on March 2013, he said "there were no changes for market percentage or current situation for the industry".

Figure 8: Product color distribution³

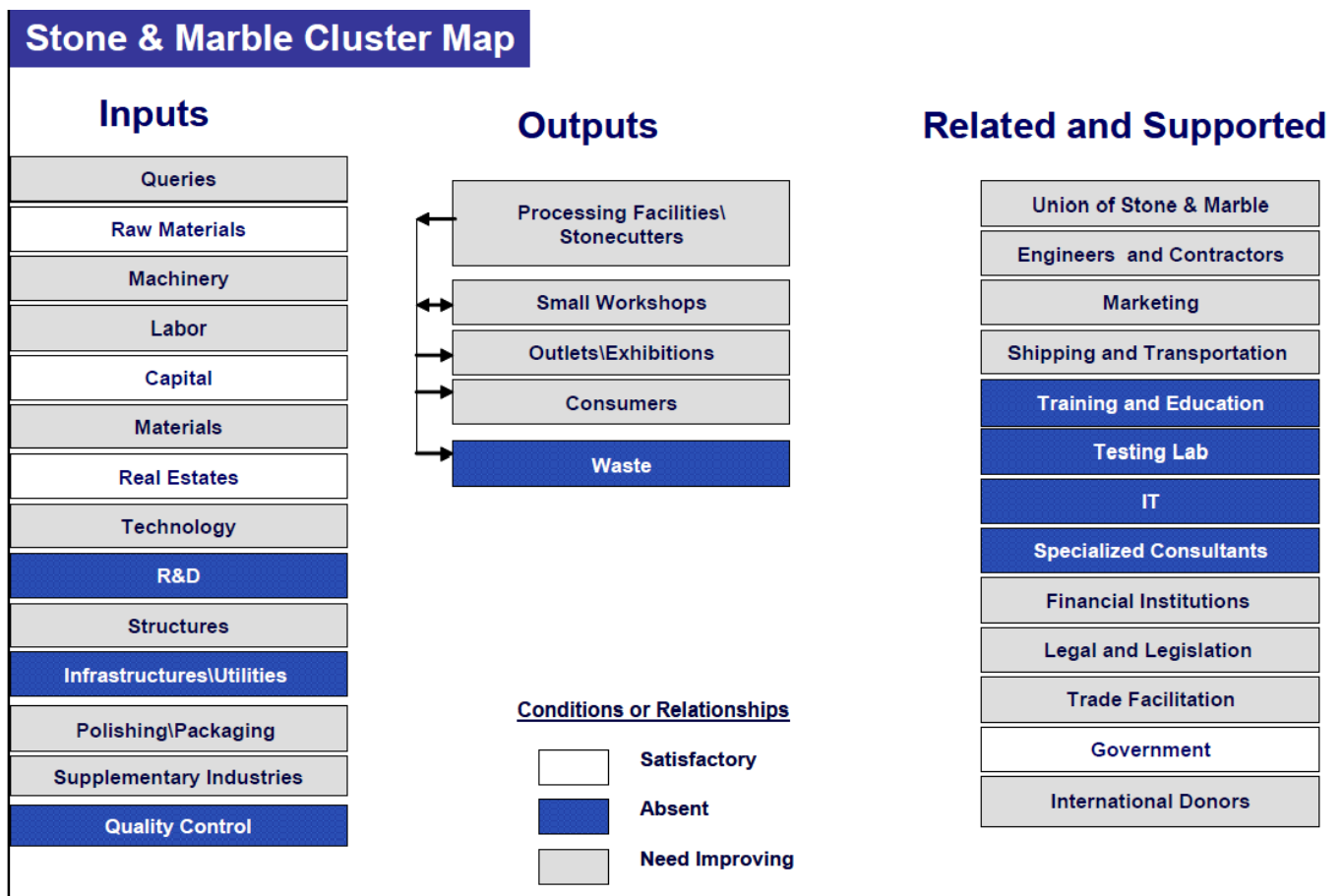


³This Map shows the main stone colors locations of Palestinian stone industry in the west bank.

1.1.5 Palestinian Stone and marble sector Cluster Map and value chain

As can be seen in the cluster map (figure 9), many parts of the cluster's inputs, processes and supporting industry are either satisfactory or they are existent with some needs for improvement. Research and development, information technology, specialized training and education, infrastructure, specialized consultants, waste treatment and reuse, testing labs, and quality control systems are absent, implying strong need for these initiatives expansion of the cluster. In the processing/ output segment, waste handling is non-existent. With regard to the supporting and enabling factors, strong need for training and education, diffusion of ICTs, establishment of testing labs are perceived to be weaknesses. (DAI, 2006)

Figure 9: Stone and Marble Cluster Map

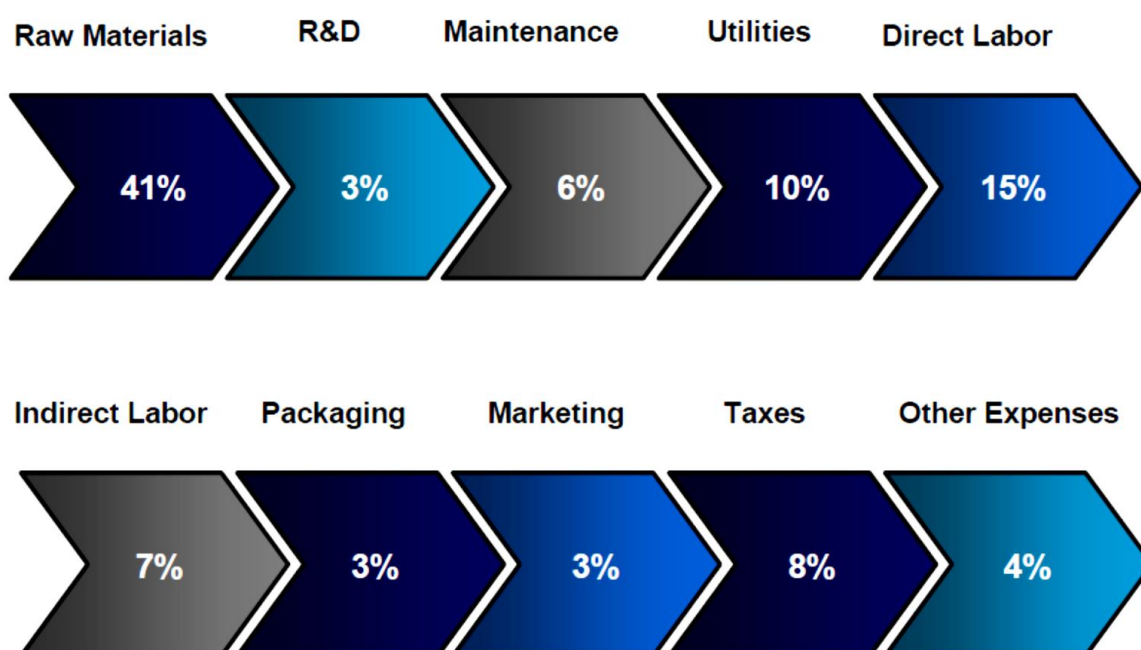


Source: DAI 2006

From the above figure, the stone and marble sector needs to improve the current organizational structure which suffering from absent many important organization elements.

The following schematic (figure 10) captures the cluster's value chain. Raw materials comprise the bulk of the cost associated with the cluster's value chain. However, labor, packaging and marketing comprise over 30 percent of the cost, suggesting substantial value added in these segments.

Figure 10: Stone and marble cluster value chain cost analysis



Source: DAI 2006

1.2 Problem Statement:

In spite of the importance of this sector in the Palestinian economy, there are many management problems that seriously affect its competitiveness and development. However, Palestinians have realized that and started to pay more attention to this industry through many collaboration programs being done between several world organizations such as UNIDO (The United Nations Industrial Development Organization), USAID (The United States Agency for International Development) in cooperation with Palestinian ministry of national economy(MONE) and Union of Stone and Marble (USM). These programs aimed at developing the sector via improving the management systems.

Most of the research done on the Palestinian stone and marble industry deals with marketing and production aspects; yet it lacks tackling administrative aspects. Recent research from several world organizations recommended developing the administrative aspects especially the organizational structure in this sector, which is strongly responsible for the direct development and progress of this industry.

In this thesis the researcher analyzed the main problems affecting implementation of the organization structure and examined the level of impact of Organizational Structure and competitive strategies on competitiveness of Palestinian stone and marble industry.

1.3 Justification of the study:

While management systems in industrialized countries have been major focus of attention, implementation, and research for a long time, the interest in the implementation of management systems in Palestine, like in most developing countries, has started only recently. (Al-Ghanim, 2003)

Despite the increasing stresses and economic hardships due to occupation, Palestinians are seeking continuous modernization and adaptation to ever changing challenges and conditions with the purpose of improving organizational structure effectiveness. Political conditions combined with other typical difficulties such as scarce natural resources, limited internal and external markets, small-size organizations, problems of attracting new investment capitals, and very weak infrastructures, all require that efforts be seriously undertaken to investigate, scrutinize, and improve organizational structure as a viable

mean for securing markets and organizational stability and growth. These considerations establish a justifiable basis for this study that has been the first in Palestine in terms of objectives, methodology, and analysis.

1.4 Research Objectives:

The overall objective of this study is:

Assess the degree of effect for the organizational structure and competitive strategies on the competitiveness development for stone and marble factories.

The specific objectives of this study are as following:

- 1- Assess the degree of effect for the organizational structure on the competitive advantage which is expressed by Balance Score Card indicators.

Indicators include:

A- Financial.

B- Customer.

C- Internal Process.

D- Learning and Growth.

- 2- Assess the degree of effect for the competitive strategies on the organizational structure for Palestinian stone and marble factories.
- 3- Assess the degree of effect for the competitive strategies on the competitive advantage for Palestinian stone and marble factories.
- 4- Assess the relations between organizational structure, competitive strategies and competitive advantage for Palestinian stone and marble factories.
- 5- To present a well expressive and meaningful research for policy and decision makers in stone and marble sector, also to be a good reference and solid base for prospect researcher in the future.

1.5 Research Questions:

The main question for this study is:

(RQ): what is the degree of effect for Organizational Structure and competitive strategies on gaining a competitive advantage for Palestinian stone and marble factories?

In order to answer this main question, the study aims to discuss the following sub questions:

(RQ1): what is the level of awareness regarding the importance of the Organizational Structure?

(RQ2): what is the efficient degree for implementing the current organizational structure?

(RQ3): what are the main problems that effect on applying the right Organizational Structure?

(RQ4): what is the effect for the organizational structure on the competitive advantage indicators?

(RQ5): what is the effect for the competitive strategies on the organizational structure and competitive advantage indicators?

(RQ6): what is the degree of correlation between organizational structure, competitive strategies and competitive advantage for Palestinian stone factories?

(RQ7): How can improve the competitive advantage through having the right Organizational Structure?

1.6 Research Hypothesis:

In view of the aforementioned questions, the research examines the following hypotheses:

The null hypothesis states that there is no effect for organizational structure and competitive strategies (**independent variables**) on the competitiveness development for Palestinian stone and marble Industry (**Dependent variables**).

First Null Hypothesis H₀₁

The first hypothesis testifies whether there is a significant difference on the impact of the organizational structures on the competitive advantage of the Palestinian stone and marble factories or not.

H₀₁ = *There is no effect for the organizational structure on the competitive advantage for Palestinian Stone and Marble Industry.*

Second Null Hypothesis H₀₂

The second hypothesis testifies whether there is a significant difference on the impact of the competitive strategies on the competitive advantage of the Palestinian stone and marble factories or not.

H₀₂ = *There is no effect for the competitive strategies on the competitive advantage for Palestinian Stone and Marble Industry.*

Third Null Hypothesis H₀₃

The third hypothesis testifies whether there is a significant difference on the impact of the competitive strategies on the organizational structure of the Palestinian stone and marble factories or not.

H₀₃ = *There is no effect for the competitive strategies on the organizational structure for Palestinian Stone and Marble Industry.*

Fourth Null Hypothesis H₀₄

The fourth hypothesis testifies whether there is a strong relation between organizational structure, competitive strategies and competitive advantage of the Palestinian stone and marble factories or not

H₀₄ = *There is no relation between organizational structure, competitive strategies and competitive advantage for Palestinian Stone and Marble Industry.*

The research also includes another five sub-Hypothesis in order to clarify all research aspects.

First Sub- Hypothesis H₀₅

H₀₅ = *There is no effect for the Geographical area on the competitive advantage for Palestinian Stone and Marble Industry.*

Second Sub- Hypothesis H₀₆

H₀₆ = *There is no effect for the number of worker on the organizational structure and competitive advantage for Palestinian Stone and Marble Industry.*

Third Sub- Hypothesis H₀₇

H₀₇ = *There is no effect for the ownership kind on the company strategy for Palestinian Stone and Marble Industry.*

Fourth Sub- Hypothesis H₀₈

H₀₈ = *There is no effect for the management employee on the company strategy and competitive advantage for Palestinian Stone and Marble Industry.*

Fifth Sub- Hypothesis H₀₉

H₀₉ = *There is no effect for the Total investment on the organizational structures and competitive advantage for Palestinian Stone and Marble Industry.*

1.7 Model Variables:

Organizational structure and strategy are related because organizational strategy helps a company define and build its organizational structure. A company's organizational structure is based on the result of the analysis of organizational strategy. The company will use these results to determine its areas of concentration and how to position itself in order to succeed. (wisegeek, 2013)

For the organization to deliver its plans, the strategy and the structure must be woven together seamlessly. (Times, 2013)

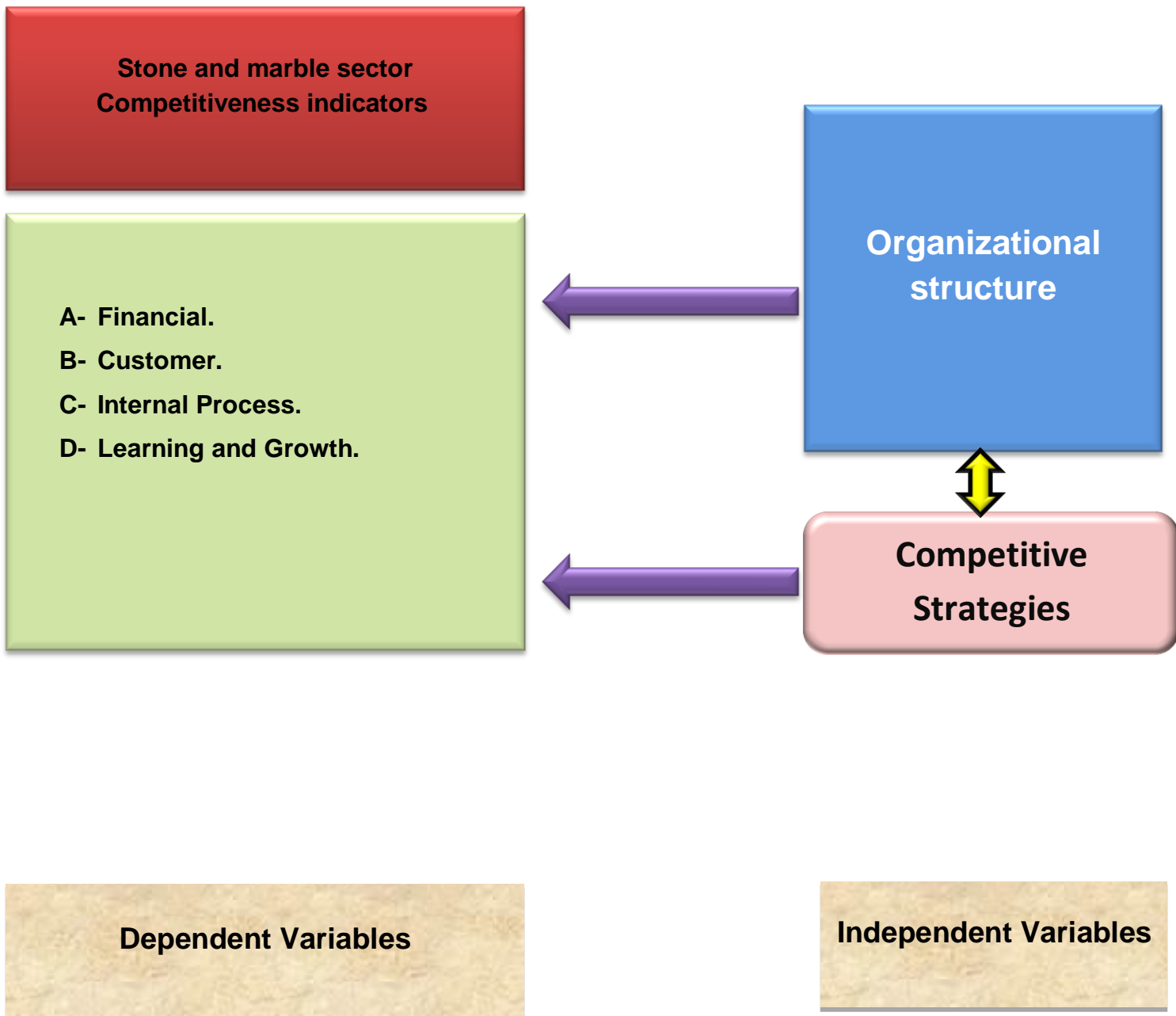
Figure 11: The relationship between strategy and structure



Source: Times 2013

Figure (11) presents the model variable that is used in this study. It consists of dependent and independent variable. The independent variables contain organizational structure and competitive strategies, the dependent variable contain competitiveness indicators which are expressed by Balanced Score Card competitiveness indicators.

Figure 12:Model Variable



Chapter Two

2.1 Literature Review

Despite the very short history of the organizational structure implementation especially in the Middle East region, there had been many studies that dealt with various aspects of the organizations structures and its implementation. This section presents an overview of some of the relevant research studies and surveys conducted in Palestine, developed, and developing countries.

The most significant results in this field of research was introduced by **(Sultan, 2007)** who focused on the Competitive Advantage of Small and Medium Sized Enterprises (SMEs): The Case of Jordan's Natural Stone Industry. A combination of quantitative and qualitative methods is used in this research, The population has been divided into three strata based on the geographical distribution. A random sample is then drawn from each of the strata. The total population is the sum of all the SMEs working in processing the natural stone sector in Jordan, Turkey and Italy. The total number is 2864 firms; 240 firms in Jordan, 784 firms in Turkey and around 1840 firms in Italy. The total sample size is 652 SMEs; 140 firms from Jordan, 213 firms from Turkey and 299 firms from Italy. The purpose of the survey is descriptive-exploratory with some explanatory analysis, The questionnaire was developed in four languages: English, Arabic, Turkish and Italian. The non-parametric Kruskal-Wallis Test was used with one-way ANOVA, the non-parametric Mann-Whiney Test was used in order to testify the significant differences between Jordan and Turkey and to testify the significant differences between the first survey (2003) and second survey (2006) in Jordan. The analysis of data shows that there are significant differences in all of the competitive forces confronting the SMEs working in processing the natural stone industry between Jordan, Turkey and Italy .However **(Ismail, Abdullah, JegakUli ,2010)**study the relationship between organizational competitive advantage and performance moderated by the age and size of firms. This study used the similar methodology for **(Sultan, 2007)**, This research was conducted among 127 manufacturers listed in the 2008 Federation of Malaysian Manufacturers

Directory. A cross-sectional study was conducted using a structured questionnaire to obtain responses from the manufacturers. A two-way ANOVA shows that only the age of firms is a significant moderator in the relationship between competitive advantage and performance, and this relationship is stronger for older firms. The size of firms does not significantly moderate the relationship between competitive advantage and performance. Despite the non-significant moderating effect of firms' size, overall, this study provides empirical support for the Resource-Based View (RBV) of Malaysian manufacturers regarding the issue of competitive advantage.

(**BARUTCH ,2008**) study “Porters five forces analysis for Turkey natural stone industry “the main contribution of this study is to combine strategic management and marketing tools and give some recommendations to managers and marketer working in marble industries ,analysis indicate that there are very competitive marketplace in marble industry not only today but also in the future .However (**Kandil , Selim,2004**) study the Characteristics Of The Marble Industry In Egypt: Structure, Conduct ,And Performance, this study analyzes marble extraction and production in Egypt from an applied industrial economics point of view, Market structure, conduct and performance is analyzed including degree of differentiation, nature of competition, barriers to entry, and needed regulations which partially Intersects with (**BARUTCH ,2008**) with more economic analysis , the study reveals that the industry should become more capital intensive even though the Egyptian economy is undeniably labor abundant .

(**Tuan, Takahashi Yoshi, 2010**) study the “organizational capabilities, competitive advantage and performance in supporting industries in Vietnam”

This study focuses on applying the resource-based view (RBV) of firms to explain performance in supporting industries in Vietnam which is similar in (**Ismail, Abdullah, JegakUli ,2010**) ,A multivariate analysis of survey responses of 102 firms belonging to supporting industries in Vietnam indicates that the organizational capabilities are related to the competitive advantage, that the competitive advantage is related to performance, and that the competitive advantage mediates the relationship between organizational capabilities and performance. These findings have considerable implications for academics as well as practitioners. Which also intersect with (**Sultan, 2007**) results and conclusions.

(**Kandeel, 2008**) study the impact of applying Total Quality management on the competitive policy for Industrial companies ,the methodology for this research was similar

as **(Sultan, 2007)** and **(Ismail, Abdullah, JegakUli, 2010)**. The study proved that there is a statistical significance between the TQM dimensions and the Competitive Policies applied in the Palestinian industrial organizations.

(Almohamadi, 2011) study “The Relation between Strategic Choice and Organizational Structure and Their Impact on Organizational Effectiveness”

The focus strategic, the minimum cost, and differentiation as strategic choices have been studied as structure throughout its dimensions (formalization, centralization, complexity, and specialization) as well as the effect of these alternatives in the effectiveness throughout its six dimensions (morale spirit, qualify labor power, planning, growth and development, stability and firmly, and productive efficiency). The researcher distributed this measure and collected his data personally from (130) managers of different ranks (Chairman of The Board Director General, Member of Administrative Board, Assistant Director General, and managers of chief offices) in six general industrial companies of miscellaneous activities. These companies include (24) factories and plants which are considered as strategic business units in addition to their general managements. Statistical methods not laboratory ones have been used in testing the research hypotheses represented in T-Test, (H) Kruskal - Wallis, Mann - Whitney (RS) Spearman and Simple Linear Regression Analysis which the same statistical tools used by **(Sultan, 2007)**.

The test, analysis and explanation of research hypotheses resulted in that the activity of the General Iraqi Industrial Companies (which were subject to research) is increased by following the three strategic choices (focus, minimum cost and differentiation). These choices are reinforced greatly by raising the morale spirit the growth, rehabilitating the human resource. Increase and development of the companies, improving their stability in addition to developing their productive efficiency.

(USAID, DAI, SRI, 2006) study “the Palestinian Stone and marble cluster – competitiveness Assessment Report” this report done by three global organizations USAID (The United States Agency for International Development), DAI (Development Alternative Inc.), SRI international, this report provide a comprehensive assessment for Palestinian stone and marble sector through giving a Diagnosis for areas of weakness that need to be developed.

This report indicated that, the stone and marble cluster offers great potential for generating growth on a scale that will help transform the West Bank's and Gaza's economy.

Another report done by **(Pal trade , USM, 2009)** about Palestinian stone and marble sector ,this report considered as an updated for **(USAID ,DAI,SRI,2006)** report which provide comprehensive analysis for this sector in west bank .the study main recommendation is the strong need for Conducting a comprehensive competitiveness analysis of the Marble and stone sector and the Palestinian products and define the comparative and competitive advantages of these products, define the best potential markets and the main arias of non-competitiveness and define the needed actions to be conducted to enhance the competitiveness in these areas .

(Ibrahim,2010) study “Entry restrains of Palestinian stones and marble to international markets”, This study aimed to investigate the main factors that impede Palestinian stone and marble flows into the international markets, questionnaire was designed and distributed to 236 factories scattered in five districts in the west bank ,212 factories responded by sending back a filled questionnaire ,the results show that the most Palestinian stone and marble factories has lack investment in marketing activities due to financial constraints .In addition very few factories assign a highly qualified staff in the sales management departments . The results also indicate insignificant impact of the governmental and nongovernmental institutions on the improvement of the international marketing of the Palestinian stone and marble factories. In addition, the study revealed that Palestinian stone and marble factories pay little attention to the marketing policies.

(Ciccu, Cosentino, Montani, Ahmed El Kotb, Hamdy,2005) made Strategic study on the Egyptian Marble and Granite Sector , this study done through cooperation program between industrial Modernization Program and the European union ,The aim of this study was to identify the strengths and weaknesses of the dimension stone sector and its positioning in the global market in order to propose a sector strategy and an action plan.

As aforesaid the analysis of the previous literatures reveal that there is a significant impact and positive relation for organizational structure on Management and economic indicators for different industries ,which enhance the effort to conduct this research to be a value added for all policy and decision makers in the Palestinian marble and stone Industry.

2.2 Organizational Structure Definitions

In general, the organization structure is set in to identify who has the authority over whom, and also identify the responsibility for each person to achieve the organization aims.

Max Weber (1958) refers to the organizational structure as a set of rules and bureaucratic regulations that give the right for the group of individuals to issue orders to other members to achieve maturity and efficiency, also Weber sees that to achieve control of legitimacy on a large group of people, they must feel that they have to obey orders of the president (higher position), and at the same time, the president must believe that he has the right to issue orders to followers (Weber, 1964)

The organizational structure regarding to Daniel Wolf is “the architecture of business competence, leadership, talent, functional relationships and management” (Wolf, 2002). Richard Walton identifies organizational structure in his article (A vision-led approach to management restructuring) as “the basis for organizing, to include hierarchical levels and spans of responsibility, roles and positions, and mechanisms for integration and problem solving” (Walton, 1986).

For Mintzberg (1979), the organizational structure identified as “the structure of an organization is the sum total of the ways in which it divides its labour into distinct tasks and then achieves co-ordination among them” (Weeks, Scott, & Lloyd, 2009), and from Stanford point of view, the organizational structure identify as “how authority and responsibility for decision making are distributed in the entity” (Stanford, 2007), but Sablynski summarizing the organizational structure as “How job tasks are formally divided, grouped, and coordinated” (Sablynski, 2003), but According to Keith Davis, "organization may be defined as “a group of individuals, large or small, that is cooperating under the direction of executive leadership in accomplishment of certain common object" (Bagad, 2008), but from Chester I. Barnard point of view, "Organization is a system of co-operative activities of two or more persons." (Stanford, 2007)

Looking at all the definitions for all scholars, it's clear that they agree in somehow to define the organizational structure as a structure that used by the majority of organizations; it's based on the division of functions and responsibilities and identifies the channels of

communication with each function, which helps the organization to achieve its goals and objectives.

The absence of specific definition for organizational structure by scholars is due to the rapid development in business world. Max Weber (1958) definition was a result of the industrial revolution and also the basics that Frederick Taylor (1917) identified in his theory “Classical Organization Theory” (Walonick, 1993). That means that each stage has its own characteristics and in the same time each stage completes the previous stages.

Through these previous definitions it is clear that the organizational structure consists of:

- Contains organizational divisions
- Specialisation in a specific task/job
- Scope of supervision and authority and responsibility lines
- Decision making positions in terms of centralization and decentralization

2.2.1 Organizational Structure Types

In general, there are five main types of organizational structures, Functional, Divisional, Matrix, Teams, and Network. These structures are indicative of:

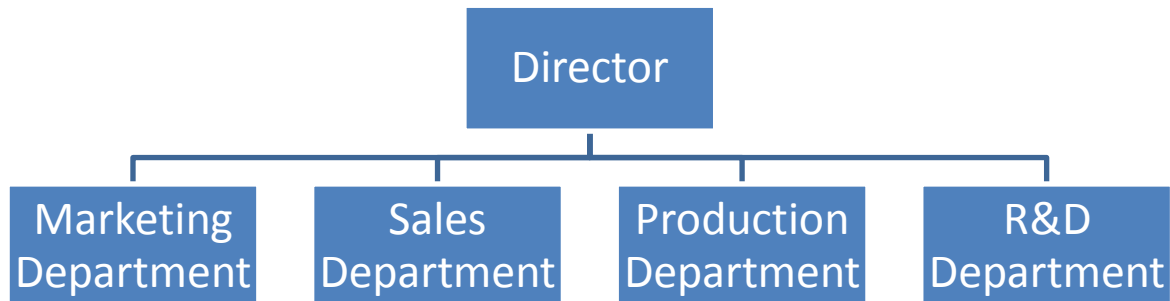
- How an organization functions and is managed?
- How information flows and is processed within an organization?
- How flexible or responsive the organization is?

2.2.1.1 Functional Structure

The functional structure “is when tasks are grouped into departments based on similar skills and expertise” (Weeks, Scott, & Lloyd, 2009)

In the functional structure, activities and staff are grouped together into departments according to their profession or function such as marketing department, sales department, and human resource department.

Figure13 : functional Structure



Source: Stanford 2007

As we can see in the figure above, similar activities grouped together under specific department. These departments would normally have functional head that may be called director or manager depending on whether the function is represented at board level. (Stanford, 2007)

The key strategy of functionally focused organizations is to maximize margins through leveraging economics of scale and functional expertise. (Stanford, 2007)

Functional structures become effective when:

- There are stable and undifferentiated markets with well-understood customer requirements.
- There is a successful, control-focused enterprise culture.
- There is small, single product line.
- There is scale or expertise within each function.
- There are long product development and life cycles.
- The organization works to common standards. (Stanford, 2007)

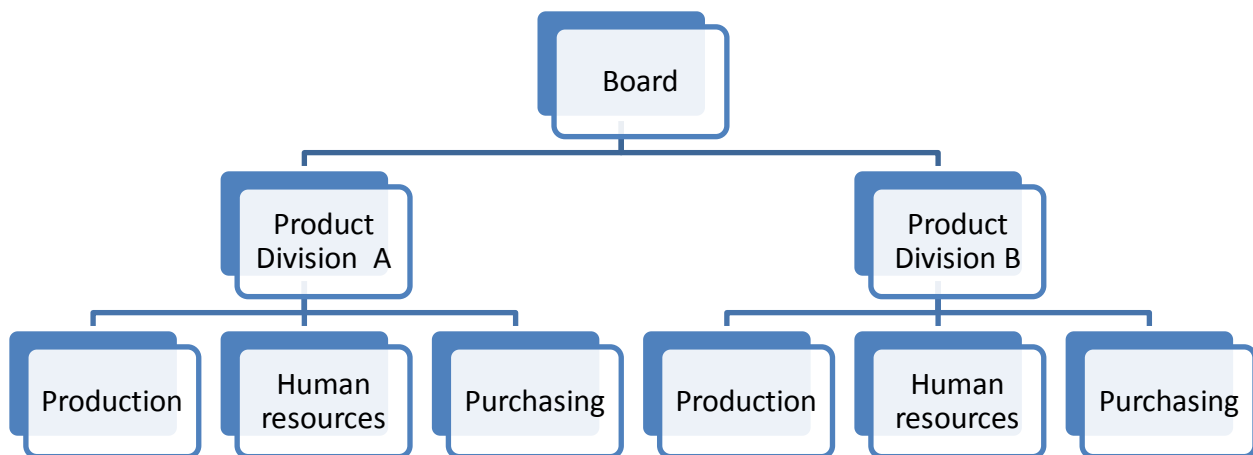
2.2.1.2 Divisional Structure

Divisional structure is defined as “it groups organizational activities on the basis of products, services, customers, or geography. All or most of the resources and functions necessary to accomplish a specific objective are set up as a division headed by a product

or division manager” (Cummings & Worley, 2009) or “divisional structure is when tasks are grouped in relation to their outputs, such as products or the needs of different types of customer” (Weeks, Scott, & Lloyd, 2009)

In divisional structure, the managers arrange the organization around its main products, services, process, or customer groups, and give each unit the full authority to design, produce and deliver the product or service (Weeks, Scott, & Lloyd, 2009). For example, an organization has two factories, each factory producing specific product. The structure will look as figure

Figure14 : Divisional Structure



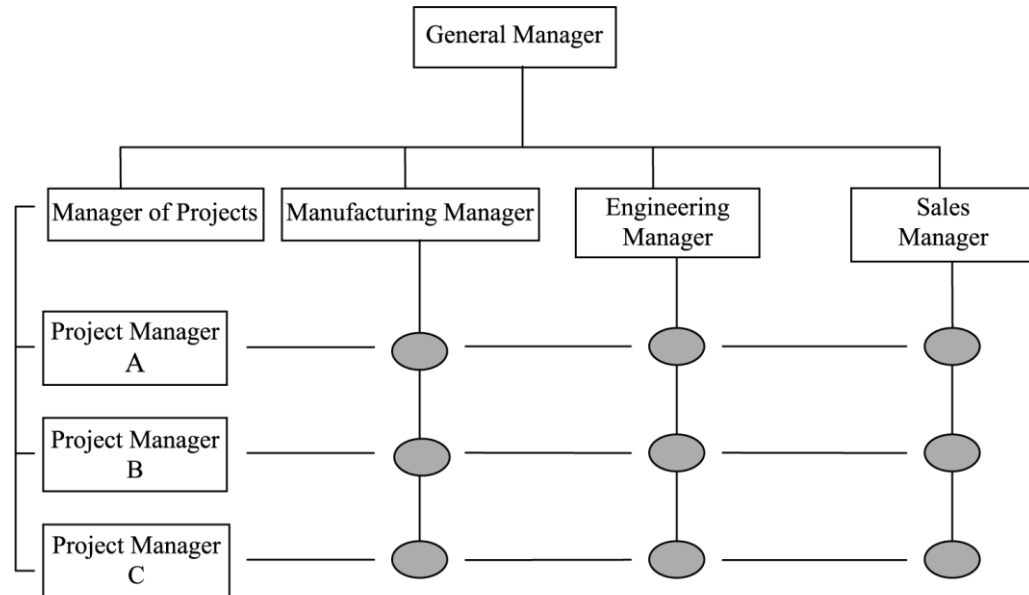
Source: Weeks, Scott, &Lloyd 2009

As we can see in figure 12, the organization divided into two divisions (A and B), and each division have its own departments such as, Production, Human resource and Purchasing.

2.2.1.3 Matrix Structure

The matrix structure typically operates in two dimensions. Or on other words, it combines the functional and the divisional structure. Where the function on one axis of structure (matrix) and projects or products on the other side, as we can see in figure 13

Figure15 : Matrix Structure



Source: Schermerhorn 1993

Figure13 shows an example for an organization using matrix structure. The functional staff working on three projects (A, B & C) and they are moving between projects as required. Also the functional staff report to two bosses, the functional head and the project head. (Weeks, Scott, & Lloyd, 2009)

The main objective of the matrix structure is to provide customers with advanced solutions through effective teams of highly skilled individuals. (Stanford, 2007)

The matrix structure is effective in conditions where:

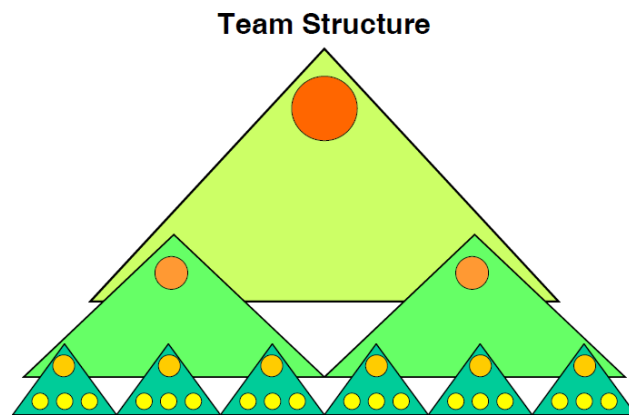
- Core work is project-based or the work requires small groups of people.
- Projects require highly specialized skills and knowledge.
- Project skill requirements vary greatly.
- Labor cost is a prime economic driver. (Stanford, 2007)

2.2.1.4 Teams Structure

Team structure is one of the modern structures that have been found by the end of 20th century (Robbins & Judge, Organizational Behaviour, 2007). In team structure, Management delegates significant responsibilities and authority not to individual workers but to an identifiable team, which is then accountable for the result. This type is characterized by more flexibility, lower costs and faster response (Weeks, Scott, & Lloyd, 2009)

Figure14 shows an example for team's structure

Figure14: Team Structure



Source: Weeks, Scott, & Lloyd 2009

2.2.1.5 Network Structure

The network structure is “when tasks required by one company are performed by other companies with expertise in those areas” (Weeks, Scott, & Lloyd, 2009)

In this structure, the organizations stay independent but they sign agreements with other companies to deliver products or services on their behalf. Figure 15 shows an example

Figure16 : Network Structure



The network structure for Amazon (Hafeezur, 2010)

As we can see on figure15, Amazon is an independent organization working with other organizations such as FedEx and DHL for logistics services, Master Card and Visa Card for financial services and book stores for the products. (Hafeezur, 2010)

2.2.2 The Characteristics of Organizational Structure

Each organization can be structured in different ways. But all can be described in terms of where they stand in relation to the following characteristics:

2.2.2.1 Centralization and Decentralization

Centralization can be defined as “when a relatively large number of decisions are taken by management at the top of the organization” (Weeks, Scott, & Lloyd, 2009)

Decentralization can be defined as “when relatively large numbers of decisions are taken to lower down the organization in the operating unites” (Weeks, Scott, & Lloyd, 2009)

In centralization, responsibility and power of making-decision are responsible by a specific person or specific department within the organization. That means that the authority - responsibility and power of making-decision- is giving the employees a limited of responsibility and power, so if there are any decisions need to be made, they must need to be in contact with a higher position person or department for approval.

In fact, centralization and decentralization are mixed together. Many organizations have moved towards a more decentralization structure, because they believe that those who are closest to the action will make better decisions. Others limit the authority or power of divisions and operation units by taking more decisions at the center. (Ferreira, Erasmus, & Groenew, 2009)

There is always a tension between centralization and decentralization. The profile at any point reflects the shifting power of these forces, as managers weigh the benefits of a move in one direction or the other, including career interests (Weeks, Scott, & Lloyd, 2009).

2.2.2.2 Chain of command

Chain of command is the lines of authority show links between people who they report to and who reports to them. It shows who they can ask to do a task, who they can ask for help, and who will be expecting results from them. (Weeks, Scott, & Lloyd, 2009)

2.2.2.3 The Span of control

A span of control is “the number of subordinates reporting directly to the person above them in the organization structure” (Weeks, Scott, & Lloyd, 2009).

The span of control refers to the number of subordinates reporting to a supervisor. Where staff is closely supervised, there is a narrow span of control (Stanford, 2007), as figure16.

```

graph TD
    A[ ] --- B[ ]
    A --- C[ ]
    B --- D[ ]
    B --- E[ ]
    C --- F[ ]
    C --- G[ ]
    D --- H[ ]
    D --- I[ ]
    E --- J[ ]
    E --- K[ ]
    F --- L[ ]
    F --- M[ ]
    G --- N[ ]
    G --- O[ ]
  
```

If staff have more autonomy and responsibility, they need less direct supervision, so more can report to the same manager- the span of control becomes wider, and the structure flatter (Stanford, 2007), as figure 17

2.2.2.4 Formalization

31

The written or electronic documents include rules book, instructions, job description or anything that sets out what employees on the organization must do within the organization.

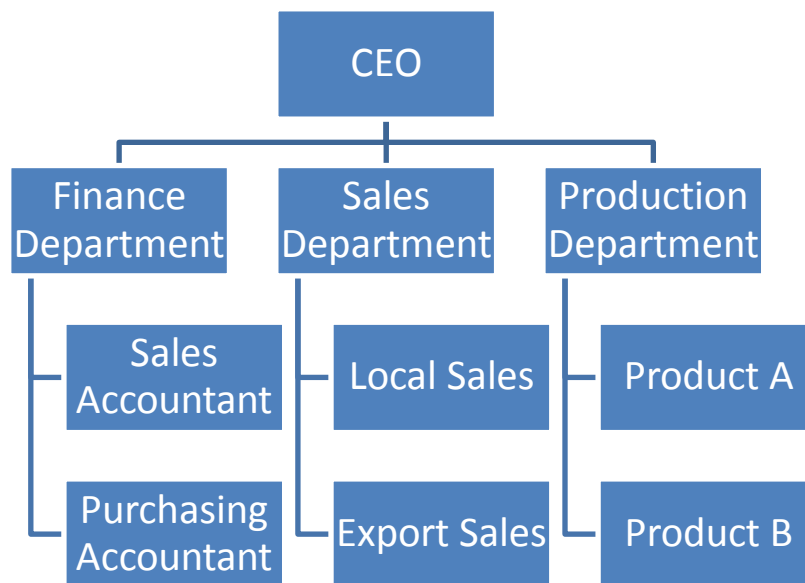
In practice, always there is tension between formality and informality. If employees want to respond to local conditions or individual needs, they prefer the informal arrangements with few rules and instructions, as this seems the best way of meeting those needs. Also, other pulls towards more formality, such as those of industry regulators or consumer legalization. They may specific detailed procedure and guidelines to protect customer against unsuitable selling methods or to protect staff against unfounded complaints. This leads to formal systems and recording procedures.

2.2.2.5 Work Specialization

Work specialization is “The degree to which organizational tasks is subdivided into individual jobs” (Daft & Marck, 2008).

In other words, work specialization means how the tasks within the organization are divided in separate jobs (Stanford, 2007). The main idea behind this organization design is that the employees can work more efficiently if they are allowed to specialize in specific task.

Figure 19: Work Specialization



Looking at the structure in Figure 18, it is clear that the different tasks of this organization are subdivided into Finance, Sales and Production department. Within each department, there are individual tasks that are allocated to particular individuals. For example, in the Sales department there are two specific tasks, the Local Sales and Export Sales.

In general, there are many advantages and disadvantages for work specialization. The following are the main advantages and disadvantages

Advantages

- Increase work efficiency and productivity
- Repetitive performance increases employee skills
- Less time is spent in changing tasks
- It is easier and costs less

Disadvantages

- Causes boredom
- Causes fatigue and stress
- Increase absenteeism
- Increase employee turnover (Mukherjee & Basu, 2005)

2.2.2.6 Mechanistic and Organic

As definitions, Mechanistic structure “means there is high degree of task specialization, people’s responsibility and authority are closely defined and decision making is centralized” (Boddy, 2008). Organic structure “is one where are expected to work together and to use their initiative to solve problems; job descriptions and rules are few and imprecise” (Weeks, Scott, & Lloyd, 2009)

Choosing organic or mechanistic structure for a specific organization is based on analyzing the environment that the organization working in. For organizations operating in stable environment they may use mechanistic structure, but for organizations operating in dynamic and uncertain environment may use an organic structure. (Weeks, Scott, & Lloyd, 2009).

2.2.2.7 Departmentalization

Departmentalization is” referring to grouping of individuals and/or functions by units of activity” (Tripathi & Reddy, 2007)

There are four main departmentalization forms:

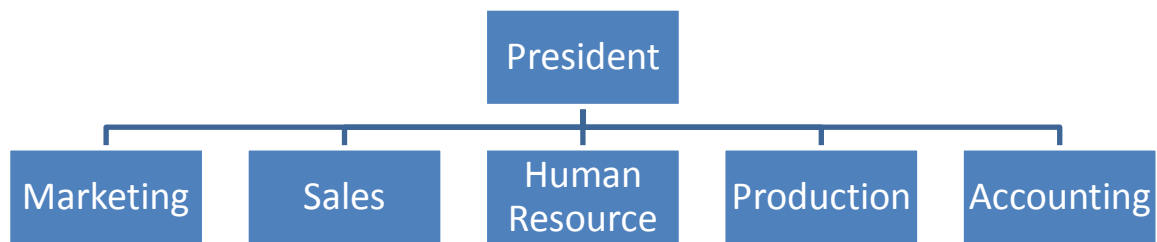
1-Departmentalization by Function

The main idea for departmentalization by function is organizing work and workers into separate units responsible for particular business functions or areas of expertise (Stanford, 2007).

Every organization has clearly well-defined functions. The traditional functions are Marketing, Sales, Human Resource, Production and Accounting, and under each of these functions there could be many different tasks (Tripathi & Reddy, 2007). For example, under sales function may include local and export unites. However, each one of them serves an important function in the organization by providing organization access to specialized personal.

A typical departmentalization by function would look as the chart in figure 19,

Figure 20: Departmentalization



Source: Saiyadain 2006

Grouping the individual by function has many advantages and disadvantages:

Advantages

- Promotes skill specialization
- Reduce duplication of resources and increase coordination within the functional area
- Enhances career development and training within the department
- Allows superiors and subordinates to share common expertise
- Promotes high- quality technical problem solving
- Centralized decision making

Disadvantages

- Emphasize routine tasks
- Reduces communication between departments
- May create conflict over product priorities
- May make interdepartmental scheduling difficult
- Focuses on departmental rather than organizational issues and goals
- Develops managers who are experts in narrow fields (Mukherjee & Basu, 2005)

2- Departmentalization by geographic / place

Another form of departmentalization is departmentalization by geographic or place. In this form the same organization may have its units at different geographical location

(Saiyadain, 2006). In this form, organization allows people/ employees to focus on identifying and meeting different customer requirements in the region, and it is also easier for divisional managers to monitor and control the many outlets (Weeks, Scott, & Lloyd, 2009).

Grouping the individual by geographic / place has many advantages and disadvantages:

Advantages

- Equipment used for products is all in one place. Saving time and costs
- Managers develop expertise in solving problems unique to one location
- Managers know customer`s problems
- Method is suited to multinational organizations

Disadvantages

- All functions-accounting, purchasing, manufacturing, customer services- are duplicated at each location
- May cause conflict between each location`s goals and corporate goals
- May require extensive rules and regulations coordinate and ensure uniformity quality among locations

(Mukherjee & Basu, 2005)

3- Departmentalization by product

Product departmentalization means that each major product line is under the control of a manager who is specialist in that product (Botha, et al., 2007).

This form of departmentalization used when the organization has many product lines.

Grouping the individual by product has many advantages and disadvantages:

Advantages

- Suited to fast changes in a product
- Allows greater product visibility
- Fosters a concern for customer demand
- Clearly defines responsibilities
- Develops managers who can think across functional lines

Disadvantages

- May not use skills and resources effectively
 - Doesn't foster coordination of activities across product lines
 - Fosters politics in resources allocation
 - Restricts problem solving to a single product
 - Limits career mobility for personnel outside their product line
- (Mukherjee & Basu, 2005)

4- Departmentalization by process

Departmentalization by process “groups jobs on the basis of product or customer flow. Each process requires particular skills and offers a basis for homogeneous categorizing of work activities” (McDanil, 2008). Also, process departmentalization is grouping activities on the basis of product or service or customer flow. Because each process requires different skills, process departmentalization allows homogenous activities to be categorized. (Weeks, Scott, & Lloyd, 2009)

This departmentalization is based on the production process used by the organizational unit (Stanford, 2007).

Grouping the individual by process has many advantages and disadvantages:

Advantages

- Allows greater customer focus
- More efficient flow of work activities

Disadvantages

- Doesn't foster coordination between customers.
- Can only be used with certain types of products. (Mukherjee & Basu, 2005)

5- Departmentalization by customer

This departmentalization form groups jobs on the basis of a common set of needs or problems of specific customers (Ghuman, 2010).

Customer departmentalization is used when the organization concentrates on specific segment of the market or group of consumers. In other words, if there is an organization

sells its products to a wide variety of customers, each with different needs, preferences and income levels, it is wise to divide the entire customer base into similar groups, and to appoint a manager to oversee each of the different customer bases (Botha, et al., 2007).

Grouping the individual by customer has many advantages and disadvantages:

Advantages

- Allows greater customer focus.
- Clearly identifies key customers.
- Suited to understanding customer needs.
- Develops managers who become customer advocates.

Disadvantages

- Doesn't foster coordination between customers.
- Foster politics in resource allocation.
- Employees feel pressure from customers to give them privileges.
- Restricts problem solving to a single type of customer. (Mukherjee & Basu, 2005)

2.3 Porter Competitive Advantages

2.3.1 Competitive Advantage – Definition

A competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices. (tutor2u, 2012)

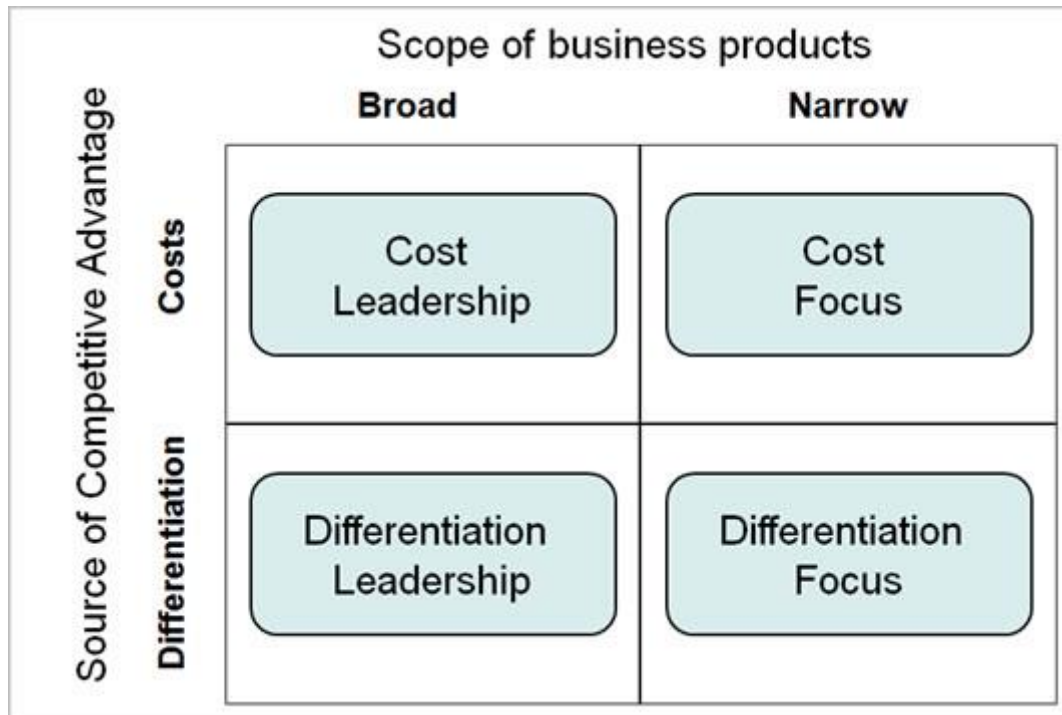
Competitiveness, as explained by Porter (1990), can be defined at three levels: firm, industry and nation. Measures of the competitiveness at the firm level include firm's profitability, firm's exports, and market share. Measures of the competitiveness at the industry level include the firms' profitability, the industry's trade balance, and the balance of outbound and inbound foreign direct investment. While at the national level, competitiveness means the citizens' ability to achieve a high and constantly rising standard of living. A high and rising standard of living for all nationals can be sustained by the continuous improvement of productivity (Sultan, 2007).

2.3.2 Competitive Strategies

Michael Porter suggested four "generic" business strategies that could be adopted in order to gain competitive advantage. The four strategies relate to the extent to which the scope of a businesses' activities are narrow versus broad and the extent to which a business seeks to differentiate its products.

The four strategies are summarized in the figure below:

Figure 21: Competitive Strategies



Source: Tutor2u 2012

The differentiation and cost leadership strategies seek competitive advantage in a broad range of market or industry segments. By contrast, the differentiation focus and cost focus strategies are adopted in a narrow market or industry. (tutor2u, 2012)

2.3.2.1 Differentiation Strategy

This strategy involves selecting one or more criteria used by buyers in a market - and then positioning the business uniquely to meet those criteria. This strategy is usually associated with charging a premium price for the product - often to reflect the higher production costs and extra value-added features provided for the consumer. Differentiation is about charging a premium price that more than covers the additional production costs, and about giving customers clear reasons to prefer the product over other, less differentiated products. (tutor2u, 2012)

2.3.2.2 Cost Leadership Strategy

With this strategy, the objective is to become the lowest-cost producer in the industry. Many market segments in the industry are supplied with the emphasis placed minimizing costs. If the achieved selling price can at least equal (or near) the average for the market, then the lowest-cost producer will (in theory) enjoy the best profits. This strategy is usually associated with large-scale businesses offering "standard" products with relatively little differentiation that are perfectly acceptable to the majority of customers. Occasionally, a low-cost leader will also discount its product to maximize sales, particularly if it has a significant cost advantage over the competition and, in doing so, it can further increase its market share. (tutor2u, 2012)

2.3.2.3 Differentiation Focus Strategy

In the differentiation focus strategy, a business aims to differentiate within just one or a small number of target market segments. The special customer needs of the segment mean that there are opportunities to provide products that are clearly different from competitors who may be targeting a broader group of customers. The important issue for any business adopting this strategy is to ensure that customers really do have different needs and wants - in other words that there is a valid basis for differentiation - and that existing competitor products are not meeting those needs and wants. (tutor2u, 2012)

2.3.2.4 Cost Focus Strategy

The business seeks a lower-cost advantage in just one or a small number of market segments. The product will be basic - perhaps a similar product to the higher-priced and featured market leader, but acceptable to sufficient consumers.

2.3.3 Balanced Scored Card

In this study, the Balanced Scored Card technique (Kaplan and Norton 1992) has been used to measure the competitiveness of the firms working in processing the natural stone industry. Kaplan and Norton (1992) explain that the traditional financial measures should be supplemented with operational measures concerning customer satisfaction, internal processes and the ability to innovate. These three measures would assure future financial results, and drive the organization towards its strategic goals while keeping all four perspectives in balance. Each measure has an impact on other measures (Sultan, 2007).

Figure 22: Balanced Scored Card



Source: NODESWAY 2010

Financial performance indicators are always lagging indicators. Some of these indicators are return on investment, profitability, revenue growth, cost reduction and exportation. The customer perspectives typically include several common outcomes measures. These are customer satisfaction, customer retention, customer acquisition and market share in targeted segments. Beyond just retaining customers, many companies wish to measure the customer's loyalty by the growth of business with those customers. The internal process perspective is unique for reach organization. It measures employees' satisfaction, employees' keep on and employees' productivity. The innovation perspective includes percentage of new products of total turnover and time necessary to develop new

generation of products (Sultan, 2007).

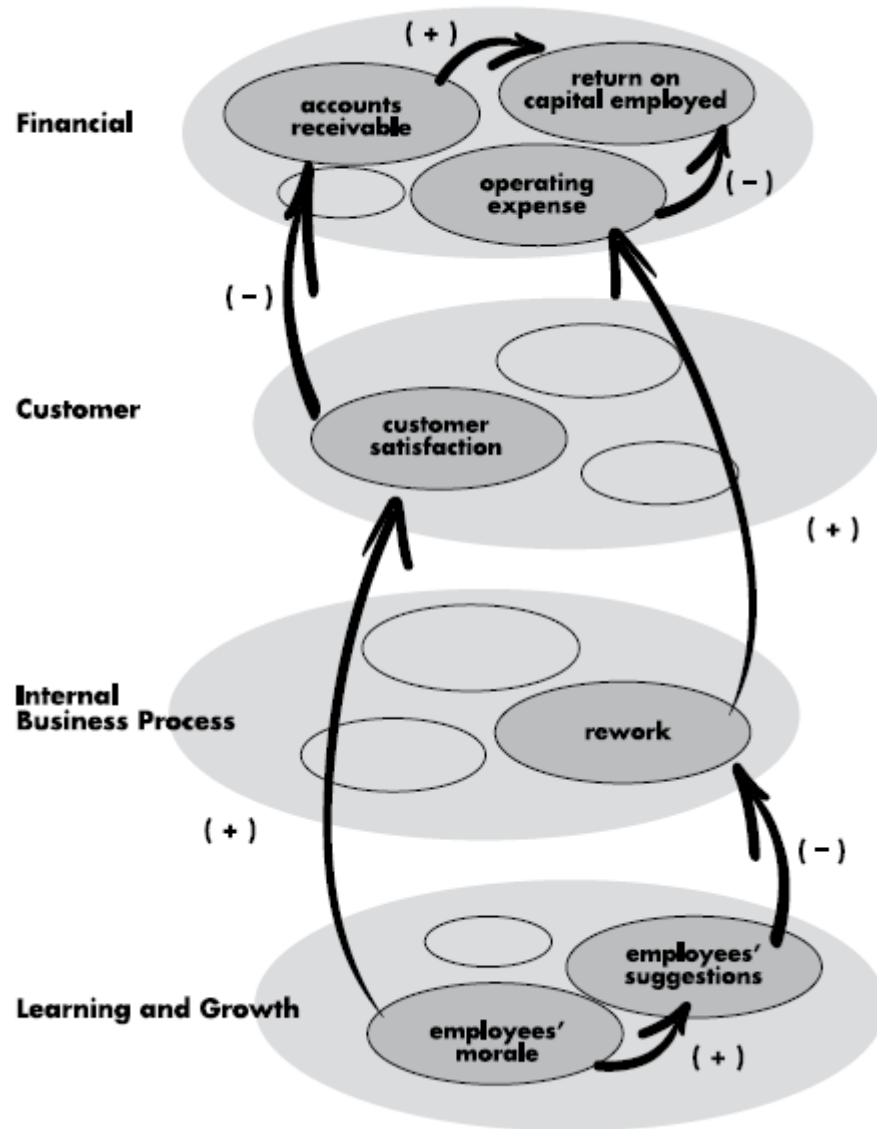
2.3.3.1 Benefits from using the Balanced Scorecard

Balanced scorecard approach provides a clear prescription as to what companies should measure in order to 'balance' the financial perspective.

Among the long row of benefits of applying Balanced Scorecard, these are the most significant:

- Strategic initiatives that follow "best practices" methodologies cascade through the entire organization.
- Increased Creativity and Unexpected Ideas.
- The Balanced Scorecard helps align key performance measures with strategy at all levels of an organization.
- The Balanced Scorecard provides management with a comprehensive picture of business operations.
- The methodology facilitates communication and understanding of business goals and strategies at all levels of an organization.
- Maximized Cooperation - Team members are focused on helping one another succeed.
- Usable Results - Transforms strategy into action and desired behaviors.
- The Balanced Scorecard concept provides strategic feedback and learning.
- A cross organizational team - More open channels of communications - Enthusiastic People.
- Initiatives are continually measured and evaluated against industry standards
- Unique Competitive Advantage
 - Reduced Time-frames.
 - Improved Decisions and Better Solutions.
 - Improved Processes. (ProSatis, 2010)

Figure 23: Linked Measures from the Four Perspectives



Source: Harvard Business 2007

2.3.3.2 Balanced Scorecard Disadvantages

- Balanced scorecard looks at the effect on the whole, the performance and encouragement of the individual can be lost.
- Balanced Scorecard does not include direct financial analysis of economic value or risk management.
- Goal selection under Balanced Scorecard does not automatically include opportunity cost calculations.

2.4 Palestinian Family Business

A family business is "Any business in which a majority of the ownership or control lies within a family, and in which two or more family members are directly involved." .Family members involved in the business are part of a task system and part of the family system that causes an overlap and this is where a conflict may occur because each system has its own regulations, roles and requirements. One way to align family and business goals is through business and family strategic planning. The elements in the mission statement for the business should complement the elements in the mission statement for the family. (Sultan, 2007)

The major issue of family business as mentioned in the international literature may be summarized in three aspects; First is the issue of continuing the family firm under further generations and to what extent the family firms have lower survival rates compared to nonfamily businesses, and about the life cycles and the succession processes of family firms. The second issue is concerned with the performance and methods of managing family business firms including good governance practice compared to non- family firms and about the need for training family managers who inherited their businesses from first or second generation. The third issue is involved with entrepreneurship aspects of family business as found in various cultures and experiences. (Sabri, 2008)

The business environment in the Palestinian SMEs; the Arab business environment may has relatively adverse practices due to some practices in Arab culture and social habits, and may lead to complicating the Arab business advancements . The Arab business firm is mainly a family business, However, almost all SMEs are organized mainly as sole firm, partnership or private – corporation, and rarely are organized in public corporations which

separate between management and ownership to avoid the issue of succession and dispute among management team.

A substantial part of the Palestinian SMEs is working as informal sector, run by individuals who have low education and are financed by family savings with low worker productivity. The majority (85%) of the small firms work sole firms and not organized in any of the four legal forms of companies existed in Palestine. Only a small share of SMEs is organized either in Partnership Company or a private corporation. (Sabri D. N., 2008)

Major operational and financial features in the Palestinian SMEs are summarized as following:

- About 96% of the SMEs in Palestinian are family business, a quarter of the firms facing conflict in management.
- The SMEs in Palestine have limited marketing policies and a high percentage of idle capacity such as the majority of business firms have no brand names for their products and sell from their locations with no special distributor. .
- The majority of the Palestinian manufacturing firms work as subcontracted to large firms, and located in rented building. (Sabri D. N., 2008)

Based on the above discussion, the Palestinian stone and marbles sector as a family business sector have the following problems:

- This sector doesn't have Organizational structures and most of the work done informal.
- The management level is divided according to the family, not according to the qualifications.
- There is conflict in the management caused by the family interference.

Chapter Three

Research Methodology

This chapter gives an overview of the research method used, including the population of the study, sample size, methods of selection and data collection source (questionnaire), which deals with many questions about the most important variables that are expected to be affected by organizational structures.

This chapter will address how to analyze data and what statistical methods are used in order to examine the study hypothesis.

3.1 Research Data:

Data in this study is consisted to be cross sectional data (many observations for a specific period of time). All previous studies used the same method for collecting and analyzing this type of primary data which was a questionnaire or survey conducted by the researcher or researcher colleagues. However, in this research data was collected through a structured questionnaire to have more reliable answers which was the same as (Almohamadi, 2011).

Data was collected on two stages:

Stage one: **Structured Interview** done with the leading 10 companies operating in the industry, structured interview provided an excellent input to this study through having direct feedback about the current situation.

Stage two: Data was collected by using **questionnaire**, after making the required pre-test before the distribution process.

3.2 Research Population and sample:

The population of the questionnaire represents all stone and marble factories in the southern governorates at the West Bank, which have an official membership in USM (Union of Stone and Marble). The sample in this research was from Bethlehem and Al-Khalil since the stone industry is mainly concentrated in these cities. Members in Bethlehem and Al-Khalil are selected based on random samples method. The samples percentage was 39.8 % from the members in the defined sample area.

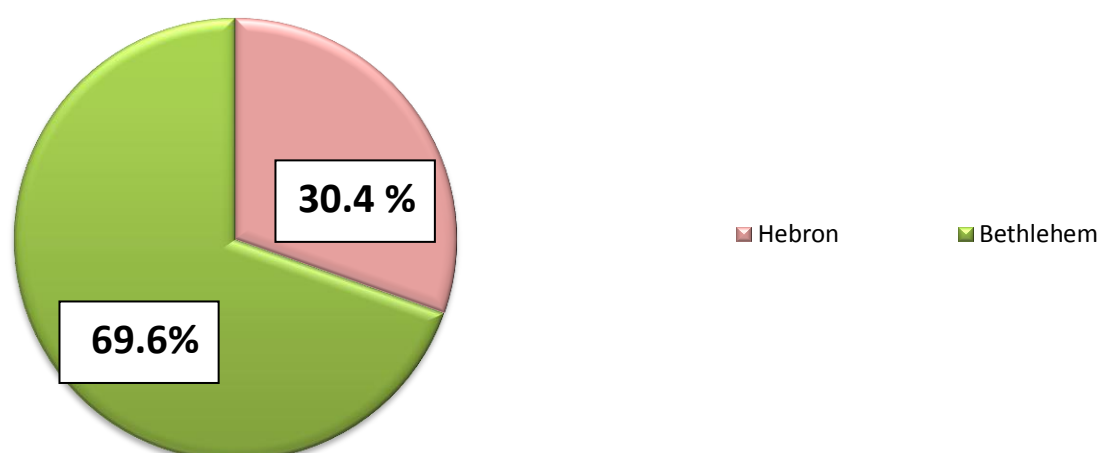
Table1 : Distribution of Palestinian stone factories

Location	Number of factories and processing facilities
Bethlehem	159
Al-Khalil	97
Nablus	60
Jenin	20
Total	334

Source: Hushaysh 2013⁴

3.2.1 Sample Distribution

Figure 24:sample distribution



⁴ Interview with Eng. Maher Hushaysh, The Executive Director for The Union of Stone & Marble Industry, on March 2013 in which he said” the stone industry is mainly concentrated in Al-Khalil and Bethlehem ,the members in other cities are very small and don’t affect the real situation of the industry” .

Location	Total number of Factories	Samples number	Percentage	Percentage from the total # of south of west bank members	Percentage from the total # of members
Bethlehem	159	71	69.6%	39.84%	30.53%
Hebron	97	31	30.4%		
Total	256	102	100%		

Table 2: sample distribution

*The estimated level of confidence = 95% (z = 1.96)

*The estimated margin/ error that can be tolerated = 5%

3.2.2 Samples characteristics

Table 3: sample characteristics

Variables	Items	# numbers	Percentage %
Number of Management employee	Less than 5	93	91.2
	From 6-10	7	6.9
	From 11-20	1	1.0
	From 21-30	1	1.0
	More than 30	0	0
	Total	102	100.0
Number of Labor	Less than 10	55	53.9
	From 11-20	31	30.4
	From 21-30	9	8.8
	From 31-40	3	2.9
	More than 40	4	3.9
	Total	102	100.0

Owner ship kind	Individual	55	53.9
	Special contribution(L.L.C)	23	22.5
	Solidarity	24	23.5
	Total	102	100.0
Location	Hebron	31	30.4
	Bethlehem	71	69.6
	Total	102	100.0
Total Investment (Thousand JD Dinar)	Less than 100	27	26.5
	From 101-200	37	36.3
	From 201-300	16	15.7
	From 301-400	7	6.9
	More than 400	15	14.7
	Total	102	100.0
# of Quarry	0	70	68.6
	1	24	23.5
	2	3	2.9
	3	3	2.9
	4	1	1.0
	More than 4	1	1.0
	Total	102	100.0

3.2.2.1 Number of employees

The results in the above mentioned table shows that the number of management employees in 93 factories are less than 5 with 91.2% , while the number of labor in 55 factories are less than 10 with 53.9 % , which means that the type of the organizational structure is a simple structure in most Palestinian marble and stone sector .

3.2.2.2 Ownership

Research results show that 53.9 percent of the Palestinian marble and stone factories are owned by individuals, where 22.5 % of them are of limited liability.

3.2.2.3 Total Investment

The results in the above mentioned table show that the total investment in more than 62 % of factories are less than 200,000 JD, which indicates that the sizes of factories are small with few number of machines and production lines .

3.2.2.4 Quarry

The results in the above mentioned table show that 68.6% of the factories do not have a quarry which is considered as one of the most important inputs to this industry and the main source for competitive advantage. Also, the quarry locations are concentrated mainly in Bethlehem and Hebron with 98%, which is the reason of focusing on these two cities during the data collection phase.

3.3 Quantitative Research Method

The purpose of this research is descriptive-exploratory with some explanatory analysis. Surveys are frequently conducted for the purpose of making descriptive assertions about the population that is discovering the distribution of certain traits or attributes .Some advantages of the survey design are the cheap economy of this design, the rapid turnaround in data collection, and the ability to identify attributes of a population from a small group of individuals. The data collected by the survey method may not be wide ranging as those collected by qualitative research methods since there is a limited number of questions (Sultan, 2007)

3.3.1. Structured Interviews

The questionnaire consists of four parts: The first part covers the different information related to the company; the second covers the organization structure problems and implementation; the third covers the company strategy and competitive advantages, and the fourth provides open questions about the main recommendation for the development of this sector and the effect of the current economic and political situations on the stability of the employees and the organization structures.

In order to link the variables with the research questions and items on the survey, table (4) shows how the variables relate to the survey instrument.

Table 4: The Link between the Research Variables and the Questionnaire

Variables	Research questions	Questionnaire item
Organization structure	RQ # 1,2,3	Part #2 (A,B,C)
Organization strategy	RQ # 4	Part #3 Question 1
Competitive elements	RQ # 5	Part #3 Question 2

3.3.2. Pre-test Phase

A pre-test study covered the 10 leading companies operating in the industry. The purpose of the pre-test was to refine the questionnaire so that respondents have no problems in answering the questions, and in reporting and recording data (Sultan, 2007). In addition, it enabled the researcher to obtain an overall assessment to the question's validity of the data that has been collected.

In general, the pre-test phase proved satisfying in terms of the ways to improve upon the questionnaire and to interview guide, and in terms of asking the appropriate questions on the way to testing the hypothesis and reflecting upon the research questions.

3.3.3. Analyzing Quantitative Data

After collecting the research data, the researcher revised the data in order to start the analysis process by using SPSS program (statistical software packages).

The statistical process was done by calculating the arithmetic means, standard deviations and percentages for the study samples answers, as well as using the t-test and test ANOVA (One way analysis of variance) to measure the significance differences in averages by independent variables in the study.

3.3.4 Reliability and Validity

There are three common approaches for assessing reliability: test re-test, internal consistency, and alternative form.

Cronbach's alpha is a method for calculating internal consistency that measures the consistency of responses across either all questions or a sub-group of questions.

Cronbach's alpha can be written as a function of the number of test items and the average inter correlation among the items.

Formula for the standardized Cronbach's alpha:

$$\alpha = \frac{N \cdot \bar{r}}{1 + (N - 1) \cdot \bar{r}}$$

Here N is equal to the number of items and r-bar is the average inter-item correlation among the items. One can see from this formula that if you increase the number of items, you increase Cronbach's alpha. Additionally, if the average inter-item correlation is low, alpha will be low. As the average inter-item correlation increases, Cronbach's alpha increases as well. (Sultan, 2007)

The reliability test for this research was done by using Cronbach's α methods. Cronbach Alpha formula was used to calculate the internal reliability of the tests as shown in table (5). Alpha gained in total degree is (0.967). The value is above 0.7, so the scale can be considered highly reliable with the sample (Sultan, 2007).

The questionnaire was revised by group of arbitrators in order to testify all questionnaire aspects and to present high valid and reliable results.

Table 5: reliability Test

Results	Questionnaire Items	Cronbach's α
High reliable	57	0.967

3.3.5 Normality Test

The One-Sample Kolmogorov-Smirnov Test procedure compares the observed cumulative distribution function for a variable with a specified theoretical distribution, which may be normal, uniform, Poisson, or exponential. The Kolmogorov-Smirnov is computed from the largest difference (in absolute value) between the observed and theoretical cumulative distribution functions. This goodness-of-fit test tests whether the observations could reasonably have come from the specified distribution. (Sultan, 2007)

Table 6:One-Sample Kolmogorov-Smirnov Test

		Organizational structure	Competitive strategies	Competitive advantage
N		102	102	102
Normal Parameters ^{a,b}	Mean	2.5915	3.2706	1.9804
	Std. Deviation	1.16787	.51791	1.21035
Most Extreme Differences	Absolute	.130	.122	.311
	Positive	.129	.122	.311
	Negative	-.130-	-.117-	-.209-
Kolmogorov-Smirnov Z		1.308	1.234	1.137
Asymp. Sig. (2-tailed)		.065	.095	.072
a. Test distribution is Normal .				
b. Calculated from data.				

Based on Table (6) the distribution of research data is **Normal** .

Chapter Four

FINDINGS AND DISCUSSION

Based on the survey method described in chapter three, 102 questionnaires were received while 33 members reject the participation especially in Al-Khalil and 10 members are completely stopped, each questionnaire consists of four parts.

For the first hypothesis, ANOVA and Pearson correlation test was used to testify the significant, strength, direction of relation between the organization structures and the competitive advantage.

The Chi-square Test and one way ANOVA was used to testify the significant differences for the second and third hypotheses, also to see which factors have the major effect on the strategy.

For the fourth hypothesis, the Pearson correlation test was used to test the relations between the organization structures, competitive advantage and strategy.

The interviewees asked about organization structure problems and implementation. In addition, the respondents were asked about the balanced score card (innovation, customer's satisfaction, internal business and financial performance) of their firms as an indication of their competitiveness. It was measured on a five-point scale (very negative to very positive). Also, they were asked to select the type of generic strategy they are implementing. The mean, standard deviation, minimum values, maximum values for all of the above mentioned statistics are described in the upcoming pages.

4.1 organizational structure Dimensions

The organizational structure implementation was measured through four dimensions (Centralization, Formalization, Complexity, and Specialization). Likert scale was used (strongly agree, agree, not sure, disagree, strongly disagree). The mean, standard deviation, minimum values, maximum values are described for all questionnaire elements.

4.1.1 Organizational Structure Awareness

The respondents in the Palestinian marble and stone sector were asked to answer three elements showed in table (7) in order to assess the degree of awareness regarding the importance of organizational structure by the company owner or top management. Element (2) has the highest Mean with **2.96⁵**, which means that there is a clear interest from the top management for applied organizational structure in the company.

Table 7:Organizational Structure Awareness

#	Element	Mean	Standard deviation
1	There is a clear recognition regarding the importance of organizational structure implementation by all company departments.	2.83	1.38
2	There is a clear interest from the top management for applied organizational structure in the company.	2.96	1.29
3	The organizational structure is clear for all company employee	1.98	1.21
	Total	2.59	1.17

⁵ Interview with Dr. Suhail Sultan, Instructor in BeirZait University on June 2013 he said” Likert Scale classification is: from 1- to less than 1.8 (very low) , from 1.8- to less than 2.6 (low) , from 2.6- to less than 3.4 (Average) , from 3.4- to less than 4.20 (High) , , from 4.20- to 5.0 (Very High).

4.1.2 Organizational Structure Problems

The respondents were asked to answer three elements showed in table (8) in order to assess the main problems that affect organizational structure implementation, Element (3) has the highest mean with **4.25**, which means that stone and marble companies didn't implement the organization structure because there is a small number of labors and employees.

Table 8: Organizational Structure problems

#	Element	Mean	Standard deviation
1	Top management is not persuaded for implementing the organizational structure.	2.93	1.10
2	The current organizational structure does not match the existing management levels.	4.19	0.91
3	The organizational structure is not implemented because there is small number of labor and employee.	4.25	1.07
	Total	3.79	0.74

4.1.3 Organizational Structure implementation

The organizational structure implementation was measured through four dimensions (Centralization, Formalization, Complexity, and Specialization).

4.1.3.1 Formalization

The respondents were asked to answer eight elements showed in table (9) in order to assess the degree of formalization for implementing organizational structure, Element (5) has the highest mean with **4.28** and element (2) has the lowest with **2.28**, which means stone and marble companies do not follow formal procedures, regulations for doing their works. Also all work in this field depend on past experiences rather than formal work procedures.

Table 9: Formalization

#	Element	Mean	Standard deviation
1	The company depends on special procedures, instructions, systems for performing their work	2.35	1.19
2	Laws and written rules govern company members.	2.28	1.00
3	Authorities are written in an administrative manner.	2.39	0.95
4	Work procedures are exact for all, through instructions and supervision.	2.83	1.05
5	Duties and work procedures are practiced habitually.	4.28	0.45
6	Company has job clear descriptions for all jobs.	2.57	1.02
7	There is coordination between sections and staffs are aware of their duties.	2.83	1.05
8	The consequences of violating work rules are clearly known to all.	2.64	1.43
	Total	2.77	0.87

4.1.3.2 Centralization

The respondents were asked to answer five elements showed in table (10) in order to assess the degree of centralization for implementing organizational structure, Element (1) has the highest mean with **4.63**, which means there is high level of centralization in stone and marble companies, also the decision making is done only by the owner or the top management and no one can take decision without an approval from the top management.

Table 10:Centralization

#	Element	Mean	Standard deviation
1	Decision making process done only by top management	4.63	0.49
2	Middle and lower manager can't take decisions without top management approval.	4.22	1.00
3	Top management doesn't delegate authority to directors in order to take decisions.	2.94	1.06
4	Middle and lower management is not independent regarding procedures performing.	1.75	0.71
5	It is difficult for Middle and lower managers to take decision related to sections and sub units.	2.82	0.79
	Total	3.27	0.52

4.1.3.3 Complexity

The respondents were asked to answer five elements shows in table (11) in order to assess the degree of Complexity for implementing organizational structure, Element (5) has the highest mean with **2.17** and elements (1,4) had the lowest with **1.83**, which means that stone and marble companies don't have administrative hierarchy including several administrative levels, so the employees and labor in the lower level can easily present their points of view and to refer their ideas and complaints.

Table 11: Complexity

#	Element	Mean	Standard deviation
1	Bureaucracy set by Top Management Council makes it difficult to refer ideas and complaints.	1.83	0.90
2	Company jobs are varied and need high skills.	1.76	0.85
3	Administrative procedures are highly complicated.	1.76	0.85
4	Administrative hierarchy includes several administrative levels, and those in the lower scale find it difficult to present their points of view.	1.83	0.90
5	Company activities are distributes on several locations, which creates coordination and communication problems.	2.17	1.15
	Total	1.87	0.83

4.1.3.4 Specialization

The respondents were asked to answer six elements shows in table (12) in order to assess the degree of specialization for implementing organizational structure, Element (1) has the highest mean with **3.70**, which means stone and marble companies work for employee's stability within their specializations and develop their abilities accordingly.

Table12 : Specialization

#	Element	Mean	Standard deviation
1	Company works for employee's stability within their specializations and develop their abilities accordingly.	3.70	0.93
2	Tasks are defined according to job descriptions.	2.75	0.97
3	Company has diverse and specialized training programs for all staff.	1.57	0.50
4	Company seeks highly qualified personnel	1.76	0.63
5	Middle and lower managers are highly skilled in their specialization.	2.70	1.11
6	Company duties are divided on sections according to its work nature and activity.	2.50	0.95
	Total	2.50	0.60

After analyzing the organization structure implementation, the following table shows the ranking of the organization structure dimensions from the highest to the lowest, table (13) shows that stone and marble companies have a high degree of centralization comparing with others dimensions. (Almohamadi, 2011) Results show that the most important dimension is specialization, and then formalization, complexity and the last dimension is centralization.

Table 13: Dimensions Ranking

#	Organizational structure Dimensions	Mean	Standard deviation
1	Centralization	3.27	0.52
2	Formalization	2.77	0.87
3	Specialization	2.50	0.60
4	Complexity	1.87	0.83

4.2 Competitive Strategy

Each respondent, in the Palestinian marble and stone sector was asked to select one choice from the eight scenarios of the generic strategies. These choices are listed in table (14). This table presents the number and percentage of each type of the generic strategies implemented by working in the Palestinian natural stone sector.

Table 14: Generic business strategy

#	Generic business strategy	# of company	Percentage %
1	Your firm is the low cost producer in the sector. The standard products are offered in a broad market area.	4	3.9
2	Your firm offers differentiated products, and they are produced at lowest cost. The products are offered in a broad market area.	5	4.9
3	Your firm is operating in one or a few specific market-niches and offers standard products. Within this market niche, your firm is the low cost producer.	1	1
4	Your firm is operating in one or a few market-niches. In these niches many differentiated products are offered and produced at low cost as possible.	2	2
5	Your firm is NOT the lowest cost producer in the sector. The standard products are offered in a broad market area.	58	56.9
6	Your firm offers many differentiated products, and you are NOT the low cost producer. The products are offered in a broad market area.	23	22.5
7	Your firm is operating in one or a few specific market-niches and offers standard products. Within this market niche, your firm is NOT the low cost producer.	3	2.9
8	Your firm is operating in one or a few market-niches. In these niches you offer differentiated products, your firm is NOT the low cost producer.	6	5.6

Strategy (5) has the highest rank with **56.9%** then strategy (6) with **22.5%**, which means that stone and marble companies are producing standard products with high costs and are offered in a broad market area.

Theoretically, Standard products must be produced with low costs because the sizes and shapes of products are simple, and do not need highly technical manufacturing processing, rather than other products that need highly complicated processing and the total productivity is smaller than standard products. The cost of production in the Palestinian stone and marble sector is very high in spite of producing standard products.

4.3 Balanced score card

The Balanced Score Card is a mean to implement organizational strategy. In the Balanced Score Card, strategy is translated into a set of critical success factors, which are translated into one or more performance measures. In that manner strategy turns into operational objectives and measures (Sultan, 2007). The four categories for Balanced Score Card are: financial performance, customer knowledge, internal business processes, and learning and growth.

Table 15: Balanced Scored Card

#	Competitive Element	Mean	Standard deviation
1	Percentage of new products of total turnover	3.05	1.15
2	Time necessary to develop new generation of products	2.71	1.15
3	Customer satisfaction	3.37	0.64
4	Your market share	3.39	0.90
5	Customer keep on	<u>3.52</u>	0.66
6	Your employees satisfaction	3.32	0.47
7	Productivity of your employees	2.92	1.09
8	Profitability	2.87	1.02
9	Revenue growth	2.61	1.20
10	Cost reduction	<u>1.96</u>	0.98

11	Growth and development	2.33	0.79
12	Employee's stability	2.58	0.92
13	Production efficiency	2.14	0.77

Table (15) presents results of the balanced score card. Element (5) has the highest mean with **3.52** then element (3) with **3.37**, and both means are related to the customer satisfaction. This means stone and marble companies are highly evaluated on the customer dimension more than other balanced score card dimension.

The stone and marble companies are suffering from the high production cost which is clear from element (10) mean.

4.5 Hypothesis Testing

4.5.1 First Null Hypothesis H_{01}

The first hypothesis testifies whether there is a significant difference on the impact of the organizational structures on the competitive advantage of the Palestinian stone and marble factories or not.

H_{01} = *There is no effect for the organizational structure on the competitive advantage for Palestinian stone and marble sector.*

The null hypothesis is tested by using ANOVA and Pearson Correlation test in order to testify the significant, strength, direction of relation between the organizational structure and the competitive advantage .Table (16, 17) shows that there is a high strong positive relation and high degree of effect between the organizational structure and the competitive advantage.

Table 16:Pearson Correlation Test

	Pearson Correlation	Sig.	Direction
Organizational structure Awareness	0.696	0.000	Positive
Organizational structure Problems	-0.644	0.000	Negative
Organizational structure Implementation	0.918	0.000	Positive
Total	0.906	0.000	Positive

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.906^a	.821	.819	.32502

Table 17: ANOVA

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	48.528	1	48.528	459.372	.000^a
	Residual	10.564	100	.106		
	Total	59.092	101			

The abovementioned analysis leads us to the conclusion that if stone and marble companies are efficient in implementing the right organizational structure it will lead to high competitive advantage. Also Organizational Structure Problems significantly effect the competitive advantage with negative impact. This means that the companies in this sector must solve these problems in order to have high competitive advantage. Thus, the first hypothesis has been **rejected**.

The analysis of data rejected the First hypothesis; there is high effect for the organizational structure on the competitive advantage for Palestinian stone and marble sector.

4.5.2 Second and third Null Hypothesis H02, H03

The second and third hypothesis testifies whether there is a significant difference on the impact of the competitive strategies on the competitive advantage and organizational structure of the Palestinian stone and marble factories or not.

H₀₂ = *There is no effect for the competitive strategies on the competitive advantage for Palestinian stone and marble sector.*

H₀₃ = *There is no effect for the competitive strategies on the organizational structure for Palestinian stone and marble sector.*

The one-way ANOVA Test is used to testify if there is a significant difference between competitive strategies and the competitive advantages. Also to testify whether there is a significant difference between competitive strategies and the organizational structure.

The one-way ANOVA, as a parametric test, is used because the conditions for using this kind of tests are achieved (normality and homogeneity).

Table 18:One way ANOVA-competitive strategies

ANOVA						
		Sum of Squares	Df	Mean Square	F	Sig.
Competitive advantage	Between Groups	2.684	7	.383	.639	.723
	Within Groups	56.408	94	.600		
	Total	59.092	101			
Organizational structure	Between Groups	1.913	7	.273	.894	.515
	Within Groups	28.754	94	.306		
	Total	30.668	101			

Table (18) shows that there are no significant differences between competitive advantages and competitive strategies. Also there are no significant differences between competitive strategies and organizational structures at $\alpha=0.05$. Therefore, there are other reasons that affect the strategy. (Sultan, 2007) Results show significant differences between competitive advantages and competitive strategies which are not compatible with this study, Thus, the second and third hypothesis has been **accepted**.

The analysis of data accepted the Second and third hypothesis. There is no effect for the competitive strategies on the competitive advantage and organizational structure for Palestinian stone and marble sector.

In order to investigate about the main factors that affect on the strategy, the nonparametric Chi-square test⁶ was used to testify the significant differences between the competitive strategies and following factors:

- A- Number of labor inside the company.
- B- Number of management employees inside the company.
- C- Total Investment.
- D- Kind of Ownership.
- E- Company Location.

Table 19:chi-square Test -competitive strategies

#	Variable	Chi-Square	Sig
1	Number of management employees	15.825	0.779
2	Number of Labor	60.397	0.000
3	Company Location	12.932	0.074
4	Kind of Ownership	33.794	0.002
5	Total Investment	56.998	0.001

Table (19) shows that there are three factors that affect the competitive strategies.

The abovementioned analysis leads us to the conclusion that the source of competitive strategies in stone and marble sector is the top management or the owner, also Table (3) shows that the percentage of management employee (less than 5) is 91.2% and this means that this sector depends only on the owner who represents the top management and the labors without any management levels. This clarifies why the labor has a significant effect on the strategy. Also the main kind of ownership is individual with a percentage of 53.9 % which means that this sector is suffering from absence of organizational structures and that's clear from table (8) which presents the main problems that affect the organizational structures; this table shows that the organizational structure is not implemented because there is a small number of labors and employees.

⁶ Chi-square is a statistical test commonly used to compare observed data with data we would expect to obtain according to a specific hypothesis, the chi-square test is always testing the null hypothesis, which states that there is no significant difference between the expected and observed result. Chi-square requires that you use numerical values, not percentages or ratios, Chi-square should not be calculated if the expected value in any category is less than 5.

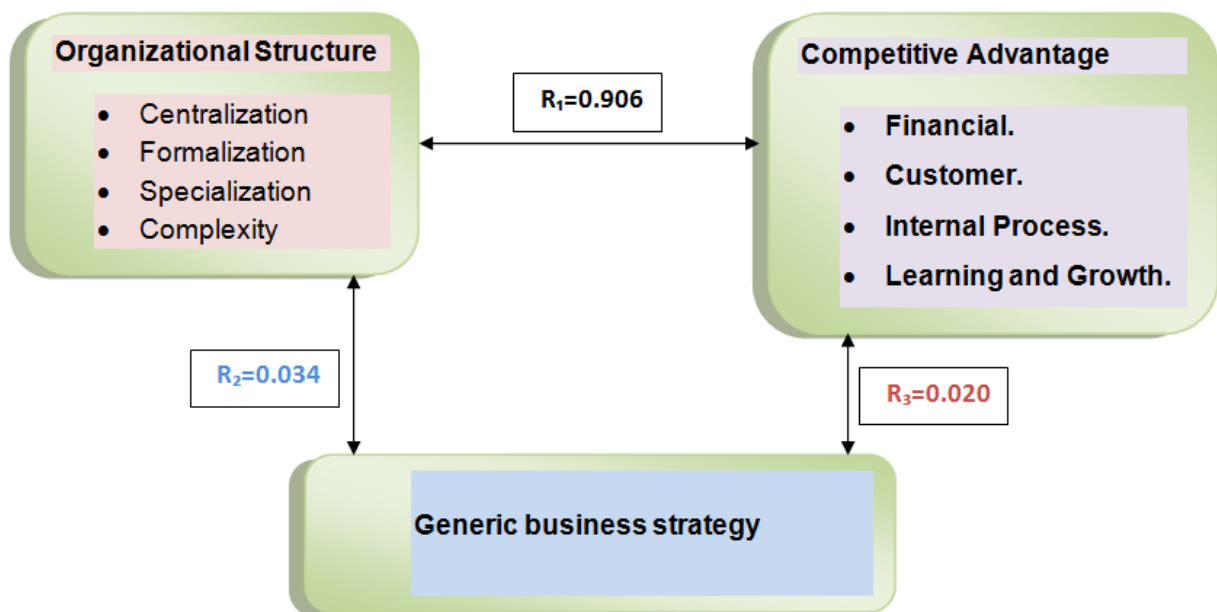
4.5.3 Forth Null Hypothesis H04

The fourth hypothesis testifies whether there is a strong relation between organizational structure, competitive strategies and competitive advantage of the Palestinian stone and marble factories or not.

H₀₄ = *There is no relation between organizational structure, competitive strategies and competitive advantage for Palestinian stone and marble sector.*

The null hypothesis was tested by using Pearson Correlation test in order to testify the strength, direction of relation between organizational structure, competitive strategies and competitive advantage .Fig (25) below shows strong correlation of 90.6% between the organizational structure and competitive advantage. It also shows that there is no relation between competitive strategies and both organizational structure and competitive advantage. (Almohamadi, 2011) Results show significant differences between organizational structure and competitive strategies which are not compatible with this study.

Figure 25:Pearson Correlation test



Thus, the forth hypothesis has been **Accepted**.

The analysis of data Accepted the forth hypothesis there is no relation between competitive strategies and both organizational structure and competitive advantage for Palestinian stone and marble sector.

4.5.4 Sub Null Hypothesis

The research includes other five sub-hypothesis in order to clarify all research aspects.

Table (20) shows the significant test between five variables and research dimensions in order to answer the research sub-hypothesis.

Table 20: Significant test

#	Variable	Organizational structure	Competitive strategies	Competitive advantage
1	Number of management employees	0.540	0.779	0.397
2	Number of Labor	0.460	0.000	0.296
3	Company Location	0.608	0.074	0.690
4	Kind of Ownership	0.236	0.002	0.187
5	Total Investment	0.490	0.001	0.512

First Sub- Hypothesis H₀₅

H₀₅ = *There is no effect for the Geographical area on the competitive advantage for Palestinian stone and marble sector.*

Table (20) shows that there are no significant differences between geographical area and competitive advantages Thus; the first-Sub hypothesis has been **Accepted**.

The analysis of data accepted the First sub-hypothesis. There is no effect for geographical area on the competitive advantage for Palestinian stone and marble sector.

Second Sub- Hypothesis H₀₆

H₀₆ = *There is no effect for the number of worker on the organizational structure and competitive advantage for Palestinian stone and marble sector.*

Table (20) shows that there are no significant differences between number of workers and both competitive advantages and competitive strategies .Thus, the second -Sub hypothesis has been **Accepted**.

The analysis of data Accepted the second sub-hypothesis. There is no effect for number of labor on both competitive advantage and organizational structure for Palestinian stone and marble sector.

Third Sub- Hypothesis H₀₇

H₀₇ = *There is no effect for the ownership kind on the company strategy for Palestinian stone and marble sector.*

Table (20) shows that there are significant differences between ownership kind and competitive strategy. Thus, the first-Sub hypothesis has been **Rejected**.

The analysis of data rejected the third sub-hypothesis there is effect for ownership kind on the competitive strategy for Palestinian stone and marble sector.

Fourth Sub- Hypothesis H₀₈

H₀₈ = *There is no effect for the management employee on the company strategy and competitive advantage for Palestinian stone and marble sector.*

Table (20) shows that there are no significant differences between number of management employee and both competitive advantages and competitive strategies .Thus, the forth-Sub hypothesis has been **Accepted**.

The analysis of data Accepted the forth sub-hypothesis there is no effect for management employee on both competitive advantage and competitive strategies for Palestinian stone and marble sector.

Fifth Sub- Hypothesis H₀₉

H₀₉ = *There is no effect for the Total investment on the organizational structures and competitive advantage for Palestinian stone and marble sector.*

Table (20) shows that there are no significant differences between total investment and both competitive advantages and competitive strategies .Thus, the fifth-Sub hypothesis has been **Accepted**.

The analysis of data Accepted the forth sub-hypothesis there is no effect for total investment on both competitive advantage and organizational structure for Palestinian stone and marble sector.

4.6 Prospects of Future Potentials and Constraints for Palestinian Stone Industry

In spite of the importance of this sector to the Palestinian economy, there are many cultural and management problems that seriously affect its competitiveness and development. However, the main constraints are:

- Focus on the short run sales rather than long run strategic planning.
- Lack of investment in Management Qualifications.
- Traditional ways in producing stone products.
- Lack of vision and management abilities by most of top management and owners.
- Management levels are divided according to the family, not according to the qualifications.
- There is conflict in the management caused by family interference.

Since 1998, there have been many studies conducted on Palestinian stone and marble industry. The results of these studies have concluded the followings :

- Improving human resource, supporting services.
- Product differentiation.
- Productivity.
- Marketing and exporting development.

Based on the above discussion , most of the research done on the Palestinian stone and marble industry dealt with marketing and production aspects; yet it lacked tackling administrative aspects. Recent research from several world organizations recommended developing the administrative aspects, especially the organizational structure in this sector, which is strongly responsible for direct development and progress of this industry. This study is the first study that concentrates on **three related dimensions:**

- A. Organizational structure implementation.
- B. Competitive strategies.
- C. Competitive Advantage.

Based on the empirical result, this study reveals the following main results:

- There is strong effect and positive relation between the organizational structure and the competitive advantage. This means that if stone and marble companies implement the organizational structure efficiently, they will be led to create competitive advantages.
- Since there are significant relation between competitive advantages, organizational structure and competitive strategies. Building competitive strategies will enable the firms industry to establish competitive advantages, Yet, this industry lack any linkage between competitive strategies and competitive advantages.

In Order to solve the main problems and constraints, The Union of Stone & Marble Industry (U.S.M) must form Management Teams, specially for small stone and marble companies, these teams include experts in the following fields:

- a. **Marketing:** Helping the companies in order to increase the market share and inter to the new markets.
- b. **Human Resource:** Helping the companies in order to increase the employee loyalty and satisfaction.
- c. **Financial and Accountant:** Helping the companies in order to improve the financial performance.
- d. **Production:** Helping the companies in order to improve production planning and efficiency.
- e. **Quality :** Helping the companies in order to increase the product quality which has great effect on the company competitiveness.

These teams will be responsible for making the required awareness programs and build the efficient organizational structure, Consequently, competitive strategies for the companies through the direct support in all previous field will be reach to change the current performance and functioning of industry after removing the constraints .

Chapter5

Main results, Recommendation

In this chapter, the researcher highlights the main results and discusses them in section 5.1. Recommendations are discussed in section 5.2.

5.1 Main results

- There is a clear interest from the top management for applied organizational structure in the company. But unfortunately, the organizational structure is not implemented on the reality.
- The small number of management employee and labor is the main reason for not implementing organizational structure.
- Stone and marble companies do not follow formal procedures, regulations for doing their works. Also all work in this field depends on past experiences rather than formal work procedures.
- The total investment in more than 62 % of factories is less than 200,000 JD, which indicates that the sizes of factories are small with few numbers of machines and production lines.
- There is high degree of centralization in stone and marble companies; also decisions are being made only by the owner or top management and no one can make any decision without the approval of the top management.
- Stone and marble companies don't have Administrative hierarchy including several administrative levels, so the employees and labors in the lower level can easily present their points of view and to express their ideas and complaints.
- Stone and marble companies work for employee's stability within their specializations and develop their abilities accordingly.
- 68.6% of the factories do not have quarries, which are considered to be the most important input to this industry, and the main source for competitive advantages. Also this leads to increasing the production cost since these factories must purchase the raw material from another source in order to run and stay in the market.

- Most of stone and marble companies produce standard products with high cost. These products are offered in abroad market area. Theoretically, Standard products must be produced with low costs because the sizes and the shapes of the products are simple, and that doesn't need highly technical manufacturing processes, rather than differentiated products which need highly complicated processes and the total productivity is smaller than standard products.
- Results show strong positive relation between the organizational structure and the competitive advantage. This means that if stone and marble companies implement the right organizational structure efficiently, they will have great competitive advantages.
- Organizational structure problems are significantly affecting competitive advantage with negative direction. This means that companies in this sector must solve these problems in order to have high competitive advantage.
- Results show that there are no significant differences between competitive advantages and competitive strategies. Also there are no significant differences between competitive strategies and organizational structures. These results are against to the theory and the previous studies.
- Data analysis shows that the source of competitive strategies in stone and marble sector is the top management or the owner,
- The percentage of management employee (less than 5) is 91.2%, this means that this sector depends only on the owner who represents the top management, which leaves labors without any management levels.
- The main factors that affect strategy are Labor, kind of ownership and total investment.
- The main kind of ownership is individual with a percentage of 53.9 % which means that the decision making process in this sector is done by the owner or the top management individually.
- There is no relation between competitive strategies and both; organizational structure and competitive advantage.

5.2 Recommendation

After analyzing the data and discussing the main results for this research, this section will present the main recommendations for Palestinian stone and marble sector, Palestinian authority, and global organizations.

5.2.1 Recommendation for Palestinian stone and marble sector

Palestinian stone and marble sector needs the following in the **SHORT RUN:**

1. Administrative hierarchy awareness programs and its importance for building the company strategy and achieving competitive advantage.
2. Collaboration programs between Universities Management Departments and the USM, in order to provide the direct support about the importance of implementing the organizational structure and what is the required plan for achieving this short run goal.
3. New recruiting staff rules should be based on qualification rather than family ties, personal interestsetc.
4. Develop current administrative staff according to scientific approaches, and taking in consideration company size and staff, new technology.

Palestinian stone and marble sector needs the following in the **LONG RUN:**

5. Developing industry by using new machinery and following up to date machinery inventions which effect global competitive advantage through improving the product quality and best use of raw block material.
6. Implementing ISO9001 (Quality Management system) to enhance productivity and to encourage outside marketing. ISO procedures include organizational structure implementation, and inspiration for continues development and improvement. (only 6 companies out of 334 companies have the ISO9001 system).
7. Decision making process should be based on objective planning and implementation .rather than individual handling, no delegation and unclear systems.

8. Palestinian stone and marble sector must cope with new advanced experiences, more effective data analysis method, which helps in pricing mechanism rather than continuing current ways.
9. Production operations should be based on scientific way by concentrating on planning and effective cost analysis.

5.2.2 Recommendation for Palestinian Authority

Palestinian Authority needs the following:

1. Prevent stone block exportation in order to increase the employment and encourage the local industry. Also, the raw materials exportation (especially to china) cause to reduce the price for Jerusalem stone internationally and lead to external competitiveness for this product.
2. Conduct international agreements in cooperation with the USM in order to provide the necessary help to improve the organizational structure and competitive advantage.
3. Support the Partnership between government sectors, industrial and academic towards the development of the competitiveness of the Palestinian stone industry

APPENDICES
Appendix A
Questionnaire (Arabic)

بسم الله الرحمن الرحيم

جامعة القدس

عمادة الدراسات العليا

معهد الادارة و الاقتصاد

السادة ادارة الشركة المحترمين .

نرجو من حضرتكم التكرم بالإجابة على الاسئلة المرفقة و ذلك لإتمام دراسة حول "الهيكل التنظيمي
كميزة تنافسية لقطاع الحجر و الرخام الفلسطيني "

تهدف هذه الدراسة الى تحليل الوضع الحالي للهيكل التنظيمية الموجودة لجميع شركات الحجر و
الرخام و تحديد مواطن الضعف بهدف العمل على تطوير حلول لجميع المشاكل التي تعيق تطور
الميزة التنافسية للشركات ، و الذي بدوره سوف ينعكس على نمو الاقتصاد الفلسطيني .

ان جميع المعلومات و الاجابات التي ستقدمونها سيتم التعامل معها بسرية و ستستخدم لغايات
البحث العلمي فقط و انه ليس لهذه الاستبانة أي صفة رسمية تذكر .

نرجو من حضرتكم التكرم بالإجابة على جميع بنود الاستبانة بدقة و موضوعية قدر الامكان .

و الله و لي التوفيق

شاكرين حسن تعاونكم

الجزء الاول: معلومات متعلقة بالشركة

- 1- تاريخ التأسيس (عمر الشركة):
- 2- عدد الموظفين (الاداريين)

☐ اقل من 5
 ☐ 6-10
 ☐ 11-20
 ☐ 21-30
 ☐ اكثر من 30
- 3- عدد العمال

☐ اقل من 10
 ☐ 11-20
 ☐ 21-30
 ☐ 31-40
 ☐ اكثر من 40
- 4- نوع الملكية

☐ فردية
 ☐ مساهمة خاصة
 ☐ شركة تضامن
- 4- عنوان الشركة (الموقع):
- ☐ الخليل
 ☐ بيت لحم
- 5- حجم الاستثمار (بالالف الدينار):

☐ اقل من 100
 ☐ 101-200
 ☐ 201-300
 ☐ 301-400
 ☐ اكثر من 400
- 6- عدد المقالع التي تمتلكها الشركة ان وجد :
- 7- موقع هذه المقالع :

☐ بيت لحم
 ☐ الخليل
 ☐ رام الله
 ☐ نابلس
 ☐ جنين
 ☐ اخرى -----

الجزء الثاني : الهيكل التنظيمي للشركة

A	Organizational Structure Awareness	اتفق تماما	اتفق	غير متأكد	لا اتفق	لا اتفق تماما
1	هناك ادراك واضح لأهمية الهيكل التنظيمي و تطبيقه على دوائر الشركة .			2.83		
2	يوجد اهتمام واضح من قبل الادارة العليا بوجود الهيكل التنظيمي في الشركة .			2.96		
3	الهيكل التنظيمي مفهوم و واضح من قبل جميع الموظفين .				1.98	
B	Organizational Structure Problems					
1	لا يوجد اقتناع من قبل الادارة العليا لتطبيق الهيكل التنظيمي .			2.93		

2	الهيكل التنظيمي الحالي غير مطابق للمستويات الادارية الموجودة.	4.19			
3	الهيكل التنظيمي غير مطبق بسبب عدم وجود عدد كبير من العمال و الموظفين .	4.25			

C	Organizational Structure Implementation	اتفق تماما	اتفق	غير متأكد	لا اتفق	لا اتفق تماما
	اولا. الرسمية Formalization					
1	تعتمد الشركة على قواعد و اجراءات و تعليمات و قوانين و انظمة خاصة بها في تنفيذ برامجها .				2.35	
2	تحكم سلوك اعضاء الشركة الانظمة و القوانين و القواعد المكتوبة .				2.28	
3	الصلاحيات المحددة مدونة و مكتوبة بصيغة اوامر ادارية .				2.39	
4	اجراءات العمل محددة للجميع من خلال التعليمات و التوجيهات .			2.83		
5	نمارس الكثير من الاجراءات و الاعمال بحكم تعودنا العمل عليها لمدة طويلة .	4.28				
6	تمتلك الشركة وصفا واضحا للوظائف و الاعمال				2.57	
7	هناك تنسيق للأعمال على مستوى الاقسام كما ان الافراد يعرفون واجباتهم			2.83		
8	ان عقوبات الاخلال بالنظام او التعليمات واضحة و معروفة للجميع .			2.64		
	ثانيا. المركزية Centralization					
1	القرارات بيد الادارة العليا للشركة فقط	4.63				

2	لا يستطيع المدراء او المسؤولين اتخاذ أي قرار دون الرجوع الى الادارة العليا .	4.22			
3	ادارة الشركة لا تخول السلطة للمستويات الادنى من الادارة .	2.94			
4	المدير لا يمتلك الاستقلالية في اتباع ما يرغب من اجراءات .	1.75			
5	يصعب اتخاذ القرارات ذات الصلة بالأقسام و الوحدات التنظيمية من قبل مدراءها .	2.82			
	ثالثا. التعقيد Complexity				
1	هناك صعوبة جدا في عرض الآراء و الشكاوى الى مجلس الادارة بسبب طول سلسلة المراجع.	1.83			
2	وظائف شركتنا عديدة و تحتاج الى معرفة متخصصة و مهارات عالية .	1.76			
3	تتصف الاعمال الادارية بدرجة عالية من التعقيد في الاجراءات .	1.76			

4	تتسم الشركة بتعدد المستويات الادارية ، فيجد العاملين في المستويات الادنى صعوبة في مناقشة رؤسائهم و عرض مشاكلهم .	1.83			
5	تتوزع نشاطات الشركة على عدد من المواقع مما يصعب التنسيق و الاتصال فيما بينها .	2.17			
	رابعا التخصص Specialization				
1	تعمل الشركة على استقرار العاملين في تخصصاتهم و يتم تطوير قابليتهم وفقا لذلك .	3.70			
2	هناك واجبات ومهام محددة بحكم وجود تقسيم للوظائف و الاعمال .	2.75			
3	توجد برامج تدريبية متخصصة و متنوعة للعاملين في الشركة .	1.75			

4	تستقطب الشركة الافراد ذوي الكفاءة على ضوء اختصاصه .				1.76
5	يتمتع مدراء الاقسام في الشركة بمهارات عالية كل حسب تخصصه .	2.70			
6	الاعمال في الشركة موزعة على الاقسام و الوحدات حسب طبيعة عملها و نوع نشاطها .	2.50			

الجزء الثالث : استراتيجية المؤسسة و الميزة التنافسية

1- اي من الاستراتيجيات التالية هي اقرب لمؤسستك ؟

3.9%	مؤسستك هي المنتج ذات التكاليف الاقل في قطاع الحجر والرخام وتقوم بانتاج منتجات ستاندرد (كغيرها من المنتجين) لخدمة فئات متعددة في السوق
4.9%	مؤسستك هي المنتج ذات التكاليف الاقل في قطاع الحجر والرخام وتقوم بانتاج منتجات متميزة عن المؤسسات المنافسة لخدمة فئات متعددة في السوق
1.0%	مؤسستك هي المنتج ذات التكاليف الاقل في قطاع الحجر والرخام وتقوم بانتاج منتجات ستاندرد (كغيرها من المنتجين) لخدمة فئة محددة في السوق
2.0%	مؤسستك هي المنتج ذات التكاليف الاقل في قطاع الحجر والرخام وتقوم بانتاج منتجات متميزة عن المؤسسات المنافسة لخدمة فئة محددة في السوق
56.9%	مؤسستك ليست المنتج ذات التكاليف الاقل في قطاع الحجر والرخام وتقوم بانتاج منتجات ستاندرد (كغيرها من المنتجين) لخدمة فئات متعددة في السوق
22.5%	مؤسستك ليست المنتج ذات التكاليف الاقل في قطاع الحجر والرخام وتقوم بانتاج منتجات متميزة عن المؤسسات المنافسة لخدمة فئات متعددة في السوق
2.9%	مؤسستك ليست المنتج ذات التكاليف الاقل في قطاع الحجر والرخام وتقوم بانتاج منتجات ستاندرد (كغيرها من المنتجين) لخدمة فئة محددة في السوق
5.6%	مؤسستك ليست المنتج ذات التكاليف الاقل في قطاع الحجر والرخام وتقوم بانتاج منتجات متميزة عن المؤسسات المنافسة لخدمة فئة محددة في السوق

2- كيف تقيم العناصر التالية في مؤسستك و المتعلقة بتحديد ميزتك التنافسية؟

ايجابي جدا	ايجابي	مقبول	سلبي	سلبي جدا	
		3.05			نسبة ادخال منتجات/اصناف جديدة من مجمل المنتجات
		2.75			الفترة التي تستغرقها لإدخال منتجات / اصناف جديدة
		3.37			درجة رضى الزبائن
		3.39			حصتك من السوق المحلي
	3.52				درجة الاحتفاظ بالزبائن
		3.32			درجة رضى الموظفين
		2.92			مستوى انتاجية الموظفين و العمال
		2.87			متوسط الربحية (بشكل عام)
		2.61			النمو في الايرادات (بشكل عام)
		1.96			مستوى تقليل التكاليف في الانتاج
					للمشركة المقدرة العالية على تحقيق:
					(1) النمو و التطور
		2.75			أ- النمو في المبيعات و الارباح المخططة
		2.50			ب- النمو في عدد المنتجات الجديدة.
		2.04			ج- النمو في الابداع و التطوير
		1.98			د- التحديث التكنولوجي في مكنات خطوط الانتاج
					(2) الثبات و الاستقرار
		3.18			ت- المحافظة على مؤهلات العاملين و مهاراتهم و ادامة استقرارهم و تقليل دوران العمل من خلال نظام حوافز منتظم .
		1.98			ث- التجديد و التطوير في مختلف المهارات بما ينسجم مع مستجدات الصناعة .

3) الكفاءة الانتاجية					
	2.53				ج- الانسجام و الثقة المشتركة بين العاملين و الادارة هي من سمات شركتنا.
	2.09				ح- نظام اتصالات واضح بين الشركة ووحداتها الانتاجية بما يخص المعلومات و تبادلها.
	1.80				ج- التغيرات التي تجري على العمل على مستوى الشركة يعرفها العاملين بسهولة و يتعاملون معها بجدية.

الجزء الرابع : التوصيات و التوقعات المستقبلية

ما هي التوصيات المقترحة لتطور الوضع الاداري و المالي و التسويقي للقطاع؟

- 1-
- 2-
- 3-

ما اثر الوضع الاقتصادي و السياسي على الهيكلية و استقرار العاملين ؟

- 1-
- 2-
- 3-

Appendix B

Structured Interview

The following questions have been asked during the **First structured interview**:

- ❖ Definition of the natural stone working process .
- ❖ What are the elements of the competitive advantage.
- ❖ Evaluate the competitiveness of Palestinian stone and marble sector
- ❖ What is the global trend of the natural stone sector .
- ❖ What are the current challenges for this sector.
- ❖ How we can improve the competitiveness through implementing the organizational structure.

Second structured interview:

- ❖ Give us your feedback on the analysis of data .
- NOTE :second interview** was done with the chairman and executive manager for USM (Union of Stone and Marble) in order to discuss the main results and recommendations .
- ❖ What is the current recommendation .
 - ❖ What is the main role for the USM in order to apply the organizational structure and to achieve the competitive advantage .

Appendix C
List of Arbitrators (قائمة المحكمين)

الجهة / الجامعة	اسم الدكتور	
جامعة البوليتكنك / جامعة بيرزيت	دكتور سهيل سلطان	1
جامعة بيت لحم	دكتور فادي قطان	2
جامعة البوليتكنك	دكتور ماهر الجعبري	3
جامعة بيت لحم	دكتور خليل عيسى	4
اتحاد الحجر و الرخام الفلسطيني	م. ماهر احشيش	5
مدير مركز الحجر - جامعة البوليتكنك	م. جواد قعبية	6
جامعة بيت لحم	أ. محمد زواهره	7

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